

QANTAS DATA BOOK 2010



DISCLAIMER

The information contained in this investor data book is intended to be a general summary of Qantas Airways Limited (Qantas/Qantas Group) and its activities as at 30 September 2010 or otherwise the date specified in the relevant information and does not purport to be complete in any respect.

The information in this document is not advice about shares in Qantas (or any other financial product), nor is it intended to influence, or be relied upon by, any person in making a decision in relation to Qantas shares (or any other financial product). The information in this data book does not take into account the objectives, financial situation or needs of any particular individual. Accordingly, you should consider your own objectives, financial situation and needs when considering the information in this document and seek independent investment, legal, tax, accounting or such other advice as you consider appropriate before making any financial or investment decision. No responsibility is accepted by Qantas or any of its directors, officers, employees, agents or affiliates, nor any other person, for any of the information contained in this document or for any action taken by you on the basis of the information or opinions expressed in this document.

The information in this document contains historic information about the performance of Qantas and shares in Qantas. That information is historic only, and is not an indication or representation about the future performance of Qantas or shares in Qantas (or any other financial product). You should not place undue reliance on any such information.

To the extent that the information in this document contains some forward looking statements, those statements only reflect subjective views held by Qantas as at the date specified in the relevant information and are subject to certain risks, uncertainties and assumptions, many of which are outside the control of Qantas. Actual events and results may vary from the events or results expressed or implied in such statements. Given these uncertainties, you should not place undue reliance on any such statements.

No representation or warranty is made in respect of the fairness, accuracy, correctness or completeness of any information in this data book, or the likelihood of any of the forward looking statements in the information in this document being fulfilled. By accessing this data book and to the extent permitted by law, you release Qantas and its directors, officers, employees, agents and affiliates from any liability (including, without limitation, in respect of direct, indirect or consequential loss or damage or loss or damage arising by negligence) arising as a result of the reliance by you any other person on anything contained in or omitted from this document.

This document is not a product disclosure statement or prospectus for the purposes of the Australian *Corporations Act 2001* (Cth) and does not constitute an offer, invitation, solicitation or recommendation in relation to the subscription, purchase or sale of shares or other securities or financial products in any jurisdiction, including in the United States or to any U.S. person. Neither this document nor anything in it shall form the basis of any contract or commitment. Securities may not be offered or sold in the United States, or to or for the account of any U.S. person, unless the securities have been registered under the U.S. Securities Act of 1933 or an exemption from registration is available.



TABLE OF CONTENTS

Qantas Group Summary.....	5
Qantas Group in 5 Minutes.....	6
Acquisitions and Milestones.....	8
Income Statement.....	16
Funding.....	23
Financial Risk Management.....	24
10 year Financial Overview.....	26
Half year Financial Overview.....	28
Operating Key Figures.....	30
Passenger and Market Share data.....	36
Fleet.....	38
Alliance and Partners.....	43
Qantas Portfolio of Businesses.....	49
Environment, Social and Governance (ESG) Analysis.....	62
Environment.....	65
Social.....	71
Governance.....	78
Glossary.....	81



This page has been left blank intentionally



QANTAS GROUP SUMMARY

The Qantas Group's main business is the transportation of passengers. The flying businesses are grouped under two major brands – Qantas and Jetstar. The Qantas Group has a diverse portfolio of businesses including Qantas Frequent Flyer, Qantas Freight Enterprises and Jetset Travelworld Limited.

THE WORLD'S MOST EXPERIENCED AIRLINE

Qantas is the world's second oldest airline. It was founded in the Queensland outback in 1920 and has been in continuous operation since that date, longer than any other airline. The name comes from the initial letters of the words in the original registered title – Queensland and Northern Territory Aerial Services Limited. The Company began its operations with joy rides and air taxi flights. Regular scheduled airmail and passenger services began on 2 November 1922, from Charleville to Cloncurry in rural Queensland. The journey of 923 kilometres took two days with an overnight stop at Longreach. Passenger ticket No. 1 was issued to 84 year old Alexander Kennedy, a pioneer of western Queensland. The first Qantas overseas passenger left Brisbane for Singapore in April 1935.



THE VISION

All Qantas Group businesses – from Frequent Flyer to Freight – depend upon the core strength of our two airlines, Qantas and Jetstar. The Qantas Group's long term vision is to operate both the world's best premium airline and the world's best low fares carrier. The Group's future will be determined by its capacity to reward shareholders who provide it with the capital to grow and invest.

Trading codes	ISIN code: AU000000QAN2	Reuters: QAN.AX	Bloomberg: QAN AU
----------------------	-------------------------	-----------------	-------------------



QANTAS GROUP IN 5 MINUTES

Qantas

Key figures	Unit	FY10	FY09
Revenue	\$M	10,609	11,624
Underlying EBIT ¹	\$M	67	4
Passengers	m	26.9	27.7
Load factor	%	81	80
Employees	#	26,919	27,636

1. Excludes non recurring items

Jetstar

Key figures	Unit	FY10	FY09
Revenue	\$M	2,197	1,851
Underlying EBIT ¹	\$M	131	107
Passengers	m	14.6	10.7
Load factor	%	79	77
Employees	#	3,098	3,010

1. Excludes non recurring items

Qantas Freight

Key figures	Unit	FY10	FY09
Revenue	\$M	1,007	1,080
Underlying EBIT ¹	\$M	42	7
Terminal tonnes	'000	584	577
Employees	#	783	787
Employees ²	#	1,227	1,256

1. Excludes non recurring items

2. Includes DPEX Worldwide and JETS Transport (Qantas Road Express)

Qantas is Australia's largest full service airline carrying 27 million passengers in 2009/10 on 4,800 flights per week in Australia, New Zealand, Asia, North and South America, Africa and Europe. It was a founding member of the **oneworld** alliance. Qantas is a single integrated airline providing airline transportation through its two Qantas brands Qantas and QantasLink.

Main Markets

Qantas' main markets are domestic and international traffic to and from Australia. QantasLink, a wholly-owned subsidiary of Qantas Airways services 54 metropolitan and regional destinations across Australia.

Passenger distribution 2009/10

Australia domestic	78%
International	22%

Passenger revenue 2009/10

Australia domestic	49%
International	51%

Customers

Qantas carries business and leisure passengers.

Product

Qantas offers passengers a premium network product on its extensive domestic and international network, and through its **oneworld** membership accessing 25 bilateral codeshare agreements, 900 destinations and 550 lounges. Passengers also have the opportunity to earn and redeem frequent flyer points across its global network. Qantas is focused on both business and leisure travellers by offering a one to two class product on domestic routes; and a two, three or four class product for international services.

Jetstar commenced operations in May 2004. It is Qantas Group's low fares airline and the world's largest low cost long haul carrier. In 2009/10 its operations carried 14.6 million passengers to over 50 destinations in Australia, New Zealand, Asia and the Asia Pacific. Jetstar comprises Jetstar Domestic, including Express Ground Handling (EGH), Jetstar International, including New Zealand based operations; and holdings in Singapore based Jetstar Asia and Vietnam based Jetstar Pacific.

Main Markets

Jetstar's main market is domestic Australia, but has significantly grown international operations using a combination of widebody and narrowbody aircraft. Pan Asian expansion has strengthened through Jetstar Asia/Valuair and Jetstar Pacific.

Passenger distribution 2009/10

(Consolidated businesses)

Australia domestic	57%
International	43%

Passenger revenue 2009/10

Australia domestic	54%
International	46%

Customers

Jetstar is focused on providing consistently low fares to predominantly leisure travellers.

Product

Jetstar offers domestic and international passengers a value based product with the flexibility to select additional options in relation to seating, entertainment, catering, baggage and premium seating on long haul. Jetstar's continual focus on leading online technology has enabled more innovative ways to book, check in and board.

The Qantas Group's freight assets are held by its subsidiary, Qantas Freight Enterprises (QFE). QFE markets the freight capacity of all Qantas and most Jetstar international aircraft and its fleet of three leased B747-400 freighters and one B767-200 freighter. This network is complemented by agreements with **oneworld** and other carriers.

Domestic air and road freight is handled by two jointly controlled entities, Australian air Express and Star Track Express, which QFE operates in partnership with Australia Post.

Main Markets

QFE is present in all international markets where the Qantas Group flies and has dedicated freighter aircraft operating between Australia and Asia, New Zealand and the Americas; and Asia and the Americas.

Main international markets

Revenue Freight Tonnage Kilometres (RFTK)	
America	26%
North East Asia	26%
United Kingdom	17%
South East Asia	17%

Customers

QFE's main customers are businesses seeking efficient and reliable air transport and ground handling services, both domestic and international.

Product

QFE offers a full range of freight services from general cargo, airmail, courier, and door to door express deliveries to customs clearance and ground handling services.



Qantas Frequent Flyer

Key figures	Unit	FY10	FY09
Revenue	\$M	1,108	1,049
Underlying EBIT ¹	\$M	328	226
Normalised EBIT ²	\$M	167	149
Members	#M	7.2	5.8
Employees	#	82	71

1. Excludes non recurring items

2. Restates redemption revenue to the fair value of the awards redeemed (removing the prospective recognition adjustment) and recognises marketing revenue for the 'marketing element' when a point is issued

Jetset Travelworld Group

Key figures	Unit	FY10	FY09
Transactional value	\$M	2,198	2,377
Revenue	\$M	135	145
Underlying EBIT ¹	\$M	14	16

1. Excludes non recurring items

Qantas Frequent Flyer (QFF) was founded in 1987 and established as a separate segment in 2007. It is Australia's premier loyalty program with 7.2 million members and more than 490 partners. In 2009/10 approximately 3.4 million award seats were redeemed on Qantas Group flights and 350,000 products redeemed through the Qantas Frequent Flyer Store.

Customers

QFF's customers include program partners and members. Partners pay QFF to issue points to members to encourage members to purchase products and services. The partner benefits by attracting and retaining member spend on their products, as well as understanding member behaviour. Members earn points so that they can redeem them for awards. Qantas recognises the loyalty of the airline customers through awarding points, tiering, and lounge access.

Business Model

A Coalition Loyalty Program provides members with the opportunity to maximise the number of points earned by allowing members to earn points in one account from their everyday consumer spend across airline, credit card, supermarket and retail. Earning points can be accelerated by 'double dipping' with partners by paying with a QFF linked credit card.

Members choose to shop with QFF partners to earn points. Partners pay QFF to issue points to members. The points and cash are held until the points are redeemed. QFF is required to defer the 'fair value' of the future reward until redemption, at which point it can recognise this as revenue as well as incurring an associated cost of the award. The billings amount received in excess of the 'fair value', known as 'marketing revenue', is recognised upfront on points issuance.

Product

QFF enables its members to earn points from more than 490 partners including Qantas, Jetstar and 25 partner airlines, credit cards, Woolworths Group companies, restaurants, hotels, car rental companies, entertainment providers and other retailers.

QFF members can redeem points for Classic Awards including flights with Qantas, Jetstar, oneworld partners and other airline partners, Qantas and Jetstar Any Seat Awards or a range of 1,850 vouchers and products through the Qantas Frequent Flyer Store.

Main Markets

QFF operates in the international loyalty market with a focus on Australia and New Zealand.

Main Markets

Jetset Travelworld Group's (JTG) main markets are the domestic and international corporate and leisure travel markets. JTG distributes an extensive range of travel products to consumers (via both direct and indirect channels) and corporate customers, from which JTG derives a commission.

Customers

JTG operates in three segments:

- (i) retail – supplying travel products and services to customers through its franchise network
- (ii) wholesale – supplying travel products and services to retail travel agents across Australia
- (iii) corporate – supplying corporate travel management services to both corporate and government clients

Product

JTG offers a wide range of travel products and services to the Australian leisure market and specialised corporate travel management services to both corporate and government clients.

Merger with Stella Group

A merger between JTG and Stella Travel Services was approved by investors on 6 September 2010 and is expected to be completed on 30 September 2010. Under the new structure Qantas will hold approximately 29 per cent of the merged entity, down from 58 per cent prior to the merger.



ACQUISITIONS AND MILESTONES

June 1992	Qantas purchased Australian Airlines (domestic carrier)
March 1993	British Airways purchased 25 per cent of Qantas
June 1995	Public Share Offer launched
July 1995	Privatisation of Qantas complete and shares listed on the ASX
1998	Qantas increased its equity in Air Pacific to 46 per cent
October 2001	\$450 million share placement
November 2001	Qantas acquired Impulse Airlines
February 2002	Launch of Snap Fresh
September 2002	\$720 million jumbo rights issue and share purchase plan
October 2002	Launch of Australian Airlines (international carrier)
December 2003	Star Track Express was acquired by a joint venture between Qantas Group and Australia Post
May 2004	Jetstar commenced operations in Australia
September 2004	British Airways sold its stake (18.25 per cent at the time) in Qantas
December 2004	Jetstar Asia, based in Singapore was launched with the inaugural flight in December
July 2006	Australian Airlines ceased operations (International carrier)
November 2006	Jetstar International began operations
September 2007	Qantas Frequent Flyer business segmented from Qantas Group
July 2008	Qantas Holidays and Jetset Travelworld merged and formed the Jetset Travelworld Group with Qantas Group as a 58 per cent shareholder. The Jetset Travelworld Group is listed on the Australian Stock Exchange
February 2009	\$525 million capital raising and share purchase plan
April 2009	New ownership structure for Jetstar Asia and Valuair announced. Qantas Group owns 49 per cent of this structure
June 2009	Jetstar replaces Qantas Jetconnect services in the New Zealand Domestic market
September 2010	Jetset Travelword Group merger with Stella Travel Services





**QANTAS
MANAGEMENT
& DIRECTORS**

THE QANTAS EXECUTIVE COMMITTEE



Alan Joyce
Chief Executive Officer

Alan Joyce was appointed Chief Executive Officer and Managing Director of Qantas in November 2008 and CEO Designate and to the Qantas Board in July 2008. He is a Member of the Safety, Health, Environment and Security Committee. Mr Joyce is a Director of a number of controlled and associated entities of the Qantas Group, and a former Director of Orangestar Investment Holdings Pte Limited and Jetstar Pacific Airlines Aviation Joint Stock Company. He was the CEO of Jetstar from 2003 to 2008. Before that, Mr Joyce spent over 15 years in leadership positions for Qantas, Ansett and Aer Lingus. At both Qantas and Ansett, he led the Network Planning, Schedules Planning and Network Strategy functions. Prior to that, Mr Joyce spent eight years at Aer Lingus, where he held roles in Sales, Marketing, IT, Network Planning, Operations Research, Revenue Management and Fleet Planning. Mr Joyce has a Master of Science degree in Maths and Physics and is a fellow of the Royal Aeronautical Society (UK),



Gareth Evans
Chief Financial Officer

Mr Evans is currently Chief Financial Officer of the Qantas Group and is a director of the Qantas Foundation and Jetset Travelworld Limited. His previous roles with Qantas covered a number of operational areas including the responsibility for the financial operations of the airline, commercial and business analytics and the implementation of major business change initiatives, scheduling of the international and domestic network, ticket pricing, revenue management and airline operations on the day as well as readiness activities for the arrival of the A380. Prior to joining Qantas in 1999, he held a number of corporate finance roles with Caltex Australia and KPMG in Australia and the UK. Mr Evans is a member of the Institute of Chartered Accountants in England and Wales.



Bruce Buchanan
Chief Executive Officer Jetstar Group

Bruce Buchanan joined Jetstar in January 2003, was appointed CEO of Jetstar in October 2008 and Jetstar Group CEO in August 2010. Prior to joining Jetstar, Mr Buchanan worked for The Boston Consulting Group for five years where he was a core member of the Travel and Tourism practice area. Mr Buchanan has worked for various airlines within Australia, Asia and United States in a wide range of areas including sales, distribution, pricing, marketing, airline loyalty programs, finance and business strategy. Mr Buchanan participated in the establishment of Jetstar in 2003 and its subsequent launch in May 2004 and has been a critical driver of the expansion of the Jetstar brand and operations both domestically and internationally. Mr Buchanan has a Civil Engineering Degree from The University of New South Wales, an MBA from the Australian Graduate School of Management and the Anderson School at UCLA. He is a director of Newstar Investment Holdings Pte Ltd, Jetstar Pacific Airlines Aviation Joint Stock Company and Jetstar Holidays Co Ltd.



David Epstein
Group Executive Government and Corporate Affairs

Before joining Qantas, Mr Epstein was Chief of Staff to Australia's Prime Minister (2007-2008). His background in Federal Government includes staff positions with two Cabinet Ministers and six years as Federal Government Media Director for two Prime Ministers, the Hon Robert Hawke and the Hon Paul Keating. He was also Chief of Staff to the Leader of Opposition, the Hon Kim Beazley (1997-1999). In 1999, Mr Epstein was appointed Executive Director of the Australian Electrical and Electronic Manufacturers' Association, and its major operating body the Australian Telecommunications Industry Association. He subsequently worked as a senior telecommunications executive, then became a director and shareholder of corporate advisory firm, Government Relations Australia. Mr Epstein is a participant in the Australian American Leadership Dialogue and the Australia New Zealand Leadership Forum. He is a board member of Opera Australia, the European Australian Business Council, the Qantas Foundation and the Qantas Founders Outback Museum (Longreach).



Lesley Grant
Executive Manager Qantas Customer and Marketing

Lesley Grant joined Qantas in May 2002 and holds the position of Group Executive Customer and Marketing. Ms Grant has extensive experience in senior customer and operations roles in the airline industry. Ms Grant is responsible for customer advocacy and the development and execution of the marketing and brand strategy as well as strategic, industrial and operating plans for a division consisting of 7,000 employees. Ms Grant has been a director of UNICEF Australia since June 2006, a director of Jetset Travelworld Limited since July 2008, a director of the Qantas Foundation since March 2009 and is a member of Chief Executive Women organisation.



Rob Gurney
Group Executive Qantas Commercial

Rob Gurney was appointed Group Executive Qantas Airlines Commercial in May 2009. He has responsibility for all commercial activities of the airline including Freight, Sales and Distribution, Network Scheduling, Pricing, Airline Alliances, Airport infrastructure, International Airport Operations, Regional operator, QantasLink. Mr Gurney is on the Boards of Star Track Express Holdings Pty Limited, Australian air Express, Tour East Australia Pty Limited, Holiday Tours & Travel Pte Ltd, Tour East (1996) Singapore Pte Ltd, Holiday Tours & Travel (Singapore) Pte Ltd and Tourism & Transport Forum. Mr Gurney joined Qantas in 1997 and has held a variety of senior roles in Qantas and British Airways. Most recently, he held the appointment of Executive Manager Sales & Distribution, Group General Manager UK/Europe/S.E.Asia and prior to that was Group General Manager International Sales. Mr Gurney has a degree in Economics and a Business degree majoring in Accounting.





David Hall

Group Executive Technology / CEO Jetstar Australia and New Zealand

As Group Executive Technology, David is responsible for the Qantas Group's technology platform and service delivery. David was appointed CEO Jetstar Australia and New Zealand in August 2010 and will transition the technology portfolio by late 2010. Previously in addition to the technology portfolio, David was responsible for Qantas Group's overall strategic direction, the Group's margin improvement program (QFuture) and the co-ordination of activities between the Office of the CEO, group executives and business portfolios. David has been with Qantas for five years initially joining the group as Chief Financial Officer of Jetstar Airways. David has enjoyed an extensive finance career in public practice, banking and mining. David has held senior finance positions in Rio Tinto (Melbourne and London), National Australia Bank, ANZ Banking Group Limited and WMC Resources Limited.



Simon Hickey

Chief Executive Officer Qantas Loyalty

Simon Hickey joined Qantas in September 2004 as Head of Group Strategy. Mr Hickey began his career in Arthur Andersen's Business Consulting Group. Between 2001 and 2004, he was Chief Financial Officer for Bovis Lend Lease Americas. Prior to this, he held various roles with Lend Lease including Bovis Lend Lease Chief Financial Officer Asia Pacific. In May 2007, Mr Hickey was appointed Chief Executive Officer, Qantas Loyalty. Mr Hickey is responsible for Loyalty as a separate business within the Qantas Group and developing the next generation of loyalty programs. Mr Hickey is a Chartered Accountant and has an Executive MBA from the AGSM. Mr Hickey is a Director of Air Pacific Limited and The Sydney Children's Hospital Foundation.



Brett Johnson

General Counsel

Brett Johnson joined Qantas in July 1995 as Qantas' General Counsel. Admitted as a Solicitor of the Supreme Court of New South Wales in 1982, Brett has more than 28 years legal experience in Australia and overseas. As General Counsel, Brett is responsible for legal risk management, in addition to managing the Qantas Legal Department which has more than 20 lawyers and provides a full-service legal support to the Qantas Group. Brett is an Independent Non-Executive Director and Chairman of the Audit Committee of Scott Corporation, sits on the board of the Jetset Travelworld Group and is a member of the ASX Appeals Tribunal.



Rob Kella

Chief Risk Officer

Rob Kella joined Qantas in March 2003 and was appointed Chief Risk Officer in February 2006. Mr Kella has over 25 years experience in risk management and assurance, having previously worked at Andersen and KPMG. Mr Kella is responsible for Risk and Assurance for the Qantas Group comprising of safety, environment and fuel conservation, resilience and regulatory affairs, risk and reporting, security and audit. Mr Kella has assisted Management develop and implement an overarching Group risk management framework to enable effective corporate governance and risk mitigation.



Jon Scriven

Group Executive People

Jon Scriven joined Qantas in April 2009 as Group Executive People. Prior to joining Qantas Jon was appointed to the role of Group HR Director at Coca Cola Amatil in 2002. Between 1999 – 2002 Jon was a Human Capital Services Partner at Andersen. From 1991 Jon held various roles within Coca-Cola Amatil including Group Remuneration and Benefits Manager, Group Learning and Development Manager. Earlier on in his career Jon held Learning and Development roles at both Westpac and PriceWaterhouse. Jon is responsible for all aspects of Human Resources across the Qantas Group. His key focus is employee engagement, leadership development, management capabilities, succession planning, and industrial relations. Jon studied at Cambridge University and holds a Masters in Mathematics. He is a member of the Institute of Chartered Accountants of Australia. Jon is a Director of the Qantas Superannuation Limited Board.



Lyell Strambi

Group Executive Qantas Operations

Lyell Strambi joined Qantas in December 2008 as the Group Executive Qantas Airlines Operations. He is responsible for the management and continued transformation of Qantas' Operational divisions including: Australian onshore Airports, Catering, Engineering and Flight Operations, a portfolio that includes approximately 17,000 staff. Prior to joining Qantas, Mr Strambi was Chief Operating Officer for Virgin Atlantic Airways. Based in the UK Mr Strambi had more than 8,500 staff in both the UK and overseas in the areas of Commercial, Product, Global Sales and Marketing, Engineering, Cargo, Flight and Ground Operations and In-flight Services. Mr Strambi began his career in Aviation joining Ansett Australia Limited in 1976. Over a 24 year period with the company he rose to the position of Executive General Manager, Ground Services, responsible for approximately 3,000 staff and a budget of \$300m. Mr Strambi received a Bachelor of Business in Accounting and Finance in 1987 from Royal Melbourne Institute of Technology. He is a fellow of the Australian Institute of Company Directors, a Fellow of the Royal Aeronautical Society and a member of the Australian Institute of Management.



THE QANTAS BOARD OF DIRECTORS



Leigh Clifford, AO
B Eng, MEnfSci
Chairman
Independent Non-Executive Director

Leigh Clifford was appointed to the Qantas Board in August 2007 and as Chairman in November 2007. He is Chairman of the Qantas Nominations Committee. Mr Clifford is a Director of Barclays Bank plc and Bechtel Group Inc. He is Chairman of Bechtel Australia Pty Ltd and the Murdoch Children's Research Institute, a Senior Advisor to Kohlberg Kravis Roberts & Co and a Board Member of the National Gallery of Victoria Foundation. Mr Clifford was Chief Executive of Rio Tinto from 2000 to 2007. He retired from the Board of Rio Tinto in 2007 after serving as a Director of Rio Tinto plc and Rio Tinto Limited for 13 and 12 years respectively. His executive and board career with Rio Tinto spanned some 37 years in Australia and overseas. Age: 62



General Peter Cosgrove, AC, MC
FAICD
Independent Non-Executive Director

Peter Cosgrove was appointed to the Qantas Board in July 2005. He is a Member of the Safety, Health, Environment and Security Committee and a Director of Qantas Superannuation Limited. General Cosgrove is a Director of Cardno Limited, Chairman of the South Australian Defence Industry Advisory Board and the Australian War Memorial Council. General Cosgrove served in the Australian Army from 1965 including command of the international forces in East Timor from 1999 until the force was withdrawn in February 2000. He was the Chief of the Australian Defence Force from July 2002 until his retirement in July 2005. General Cosgrove was Australian of the Year in 2001. Age: 63



Richard Goodmanson
BEng(Civil), BCom, BEc, MBA
Independent Non-Executive Director

Richard Goodmanson was appointed to the Qantas Board in June 2008. He is a Member of the Remuneration Committee and a Member of the Safety, Health, Environment and Security Committee. Mr Goodmanson is a Director of Rio Tinto plc and Rio Tinto Limited. From 1999 to 2009 he was Executive Vice President and Chief Operating Officer of E.I du Pont de Nemours and Company. Previous to this role, he was President and Chief Executive Officer of America West Airlines. Mr Goodmanson was also previously Senior Vice President of Operations for Frito-Lay Inc. and was a principal at McKinsey & Company Inc. He spent 10 years in heavy civil engineering project management, principally in South East Asia. Mr Goodmanson was born in Australia and is a citizen of both Australia and the United States. Age: 63



Alan Joyce
BAppSc(Phy)(Math)(Hon.)
Msc(MgtSc), FRAeS
Chief Executive Officer

Alan Joyce was appointed Chief Executive Officer and Managing Director of Qantas in November 2008 and CEO Designate and to the Qantas Board in July 2008. He is a Member of the Safety, Health, Environment and Security Committee. Mr Joyce is a Director of a number of controlled and associated entities of the Qantas Group, and a former Director of Orangestar Investment Holdings Pte Limited and Jetstar Pacific Airlines Aviation Joint Stock Company. He was the CEO of Jetstar from 2003 to 2008. Before that, Mr Joyce spent over 15 years in leadership positions for Qantas, Ansett and Aer Lingus. At both Qantas and Ansett, he led the Network Planning, Schedules Planning and Network Strategy functions. Prior to that, Mr Joyce spent eight years at Aer Lingus, where he held roles in Sales, Marketing, IT, Network Planning, Operations Research, Revenue Management and Fleet Planning. Age: 44



Patricia Cross
BSc(hons), FAICD
Independent Non-Executive Director

Patricia Cross was appointed to the Qantas Board in January 2004. She is a Member of the Audit and Remuneration Committees. Mrs Cross is a Director of National Australia Bank Limited, JBWere Pty Limited, the Murdoch Childrens Research Institute, the Grattan Institute and the Methodist Ladies College. She is a Member of the Government's Australian Financial Centre Forum and Melbourne University's Advisory Council to the Faculty of Business and Economics. Mrs Cross was previously a director of Wesfarmers Limited, Chairman of Qantas Superannuation Limited and Deputy Chairman of Victoria's Transport Accident Commission. She has served on a variety of publicly listed, government, university and private company boards. Prior to becoming a professional company director in 1996, Mrs Cross held senior executive positions with Chase Manhattan Bank, Banque Nationale de Paris and National Australia Bank. Age: 61



Garry Hounsell
BBus(Acc), FCA, CPA, FAICD
Independent Non-Executive Director

Garry Hounsell was appointed to the Qantas Board in January 2005. He is Chairman of the Audit Committee and a Member of the Nominations Committee. Mr Hounsell is Chairman of PanAust Limited and a Director of Orica Limited, DuluxGroup Limited and Nufarm Limited. Mr Hounsell is also Deputy Chairman of Mitchell Communication Group Limited. He is Chairman of Investec Global Aircraft Fund, a Director of Ingeus Limited and a Board Member of law firm Freehills. Mr Hounsell is a former Senior Partner of Ernst & Young and Chief Executive Officer and Country Managing Partner of Arthur Andersen. Age: 55



Paul Rayner
BEC, MAdmin, FAICD
Independent Non-Executive Director

Paul Rayner was appointed to the Qantas Board in July 2008. He is a Member of the Audit Committee and Safety, Health, Environment and Security Committee. Mr Rayner is a Director of Boral Limited and Centrica plc. He also serves as Chairman of Boral's and Centrica's Audit Committees. From 2002 to 2008, Mr Rayner was Finance Director of British American Tobacco plc, based in London. Mr Rayner joined Rothmans Holdings Limited in 1991 as its Chief Financial Officer and held other senior executive positions within the Group, including Chief Operating Officer of British American Tobacco Australasia Limited from 1999 to 2001. Previously Mr Rayner worked for 17 years in various finance and project roles with General Electric, Rank Industries and the Elders IXL Group. Age: 56



James Strong, AO
Independent Non-Executive Director

James Strong was appointed to the Qantas Board in July 2006. He is Chairman of the Remuneration Committee and a Member of the Nominations Committee. Mr Strong was the Chief Executive Officer and Managing Director of Qantas between 1993 and 2001, following his appointment to the Board in 1991. He is Chairman of Woolworths Limited, Kathmandu Holdings Limited and the Australia Council for the Arts. He is also a member of the Nomura Australia Advisory Board and a Director of the Australian Grand Prix Corporation. Mr Strong was formerly the Chairman of Insurance Australia Group Limited, a Director of IAG Finance (New Zealand) Limited, the Group Chief Executive of the DB Group in New Zealand and National Chairman of Partners of Corrs Chambers Westgarth. He was also Chief Executive Officer of Australian Airlines from 1985 until 1989. He has been admitted as a barrister and/or solicitor in various state jurisdictions in Australia. Age: 66



John Schubert
BE, PhD, FIEAust, CPEng, FTS, FIChemE
Independent Non-Executive Director

John Schubert was appointed to the Qantas Board in October 2000. He is Chairman of the Safety, Health, Environment and Security Committee and a Member of the Nominations Committee. Dr Schubert is a Director of BHP Billiton Limited and BHP Billiton plc. He is also Chairman of G2 Therapies Limited and the Great Barrier Reef Foundation. He was most recently Chairman of the Commonwealth Bank of Australia and was also previously Chairman of WorleyParsons Limited and President of the Business Council of Australia. Dr Schubert was also Managing Director and Chief Executive Officer of Pioneer International Limited from 1993 until 2000. Dr Schubert held various positions with Esso in Australia and overseas. In 1983, he was appointed to the Board of Esso Australia. In 1985, Dr Schubert became Esso's Deputy Managing Director and in 1988 he became Esso's Chairman and Managing Director. Age: 67



Barbara Ward
BEC, MPolEc
Independent Non-Executive Director

Barbara Ward was appointed to the Qantas Board in June 2008. She is a Member of the Safety, Health, Environment and Security Committee and the Audit Committee. Ms Ward is Chairman of Country Energy, a Director of a number of Brookfield Multiplex Group companies and O'Connell Street Associates Pty Ltd, and is on the Advisory Board of LEK Consulting. She was formerly a Director of the Commonwealth Bank of Australia, Lion Nathan Limited, Brookfield Multiplex Limited, Allco Finance Group Limited, Record Investments Limited, Data Advantage Limited, Rail Infrastructure Corporation and Delta Electricity. She was Chairman of NorthPower and a Board Member of Allens Arthur Robinson. Ms Ward was Chief Executive Officer of Ansett Worldwide Aviation Services from 1993 to 1998. Before that, Ms Ward held various positions at TNT Limited, including General Manager Finance, and also served as a Senior Ministerial Adviser to The Hon PJ Keating. Age: 56

This page has been left blank intentionally



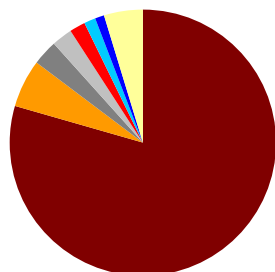
FINANCIAL DATA



INCOME STATEMENT

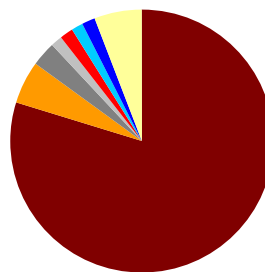
REVENUE AND OTHER INCOME

Revenue Sources



FY10

Net Passenger Revenue	79%
Net Freight Revenue	6%
Contract Work Revenue	3%
Ancillary Passenger Revenue	2%
Passenger Service Fees	2%
Lease Revenue	1%
Tours and Travel Revenue	1%
Other	5%



FY09

Net Passenger Revenue	80%
Net Freight Revenue	5%
Contract Work Revenue	3%
Ancillary Passenger Revenue	2%
Passenger Service Fees	2%
Lease Revenue	1%
Tours and Travel Revenue	2%
Other	6%

The Qantas Group's main business is the transportation of passengers. In 2009/10 passenger revenue contributed \$10.9 billion equating to 79 per cent of the Groups total revenue. The Qantas Group's other key revenue streams are freight revenue, tours and travel revenue, contract work revenue and Qantas frequent flyer revenue. The Qantas Group also earns revenue through third party contract work, the leasing of aircraft and Qantas Club membership.

NET PASSENGER REVENUE

The Qantas Group net passenger revenue comes from its two major brands, Qantas and Jetstar. The Qantas Group carried more than 41 million passengers in 2009/10. Net passenger revenue includes flown passenger revenue, fuel surcharge, frequent flyer revenue and passenger recoveries.

Yield is calculated as Net passenger revenue excluding foreign exchange and passenger recoveries divided by revenue passenger kilometres. A five year history of Group yield and other passenger related statistics are on page 30. A ten year history of traffic statistics split by airline can be found on pages 46 and 47.

OTHER KEY REVENUE STREAMS

The Qantas Group non passenger revenue was \$2.8 billion in 2009/10.

Net freight revenue

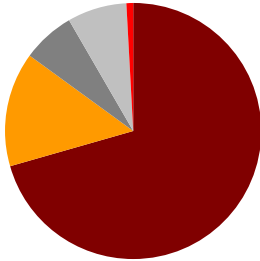
Net freight revenue is derived from the carriage of freight in Qantas and Jetstar aircraft belly space, as well as on a fleet of three wet-leased B747-400 freighters and one wet-leased B767 freighter.

Contract work revenue

Contract work revenue is largely earned by Qantas Engineering, Qantas Defence Services, Qantas Catering and Airport businesses. In addition to work performed for Qantas, the Qantas Engineering business provides engineering and maintenance services to other international airlines. Services include aircraft heavy and line maintenance, engines and component maintenance, aircraft interior upgrades, inventory management and training. Qantas Defence Services provides aviation maintenance services and support to the Australian Defence Force (ADF) including the Australian Government's Special Purpose Aircraft fleet, the RAAF's Hercules and tanker fleet and the ADF's fighter and helicopter fleets. Whilst most catering work is performed for Qantas, Q Catering and Snap Fresh, Qantas also caters for airlines outside the Group as well as providing catering services for rail clients, retail markets, quick service restaurants, defence and healthcare. Airport services earn contract work revenue by offering airport related services to airlines outside the Qantas Group.

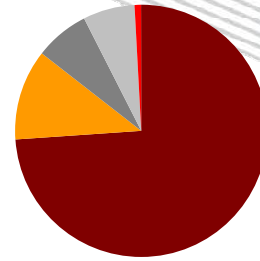


Segment Revenue (excluding corporate and eliminations)



FY10

■ Qantas	70%
■ Jetstar	15%
■ Qantas Frequent Flyer	7%
■ Qantas Freight	7%
■ Jetstet Travelworld Group	1%



FY09

■ Qantas	74%
■ Jetstar	12%
■ Qantas Frequent Flyer	7%
■ Qantas Freight	7%
■ Jetstet Travelworld Group	1%

Ancillary passenger revenue

Ancillary revenue is revenue from in flight catering and bar sales, excess baggage charges, unutilised or expired passenger tickets, as well as in flight duty free sales.

Passenger service fees

Passenger service fees are derived through booking related fees including change and cancellation fees as well as additional leg room.

Lease revenue

Lease revenue is primarily derived from codeshare and joint venture partners. Qantas receives revenue for seats sold to codeshare passengers travelling on Qantas flights. Offsetting this revenue is a fee charged by codeshare partners when Qantas passengers travel on codeshare flights. This offset is accounted for under capacity hire expenses. Revenue is also received from jointly controlled entity, Australian air Express for the lease of Qantas and Jetstar bellyspace.

Tours and travel revenue

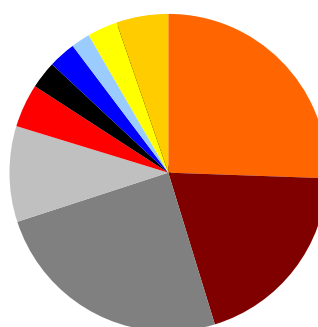
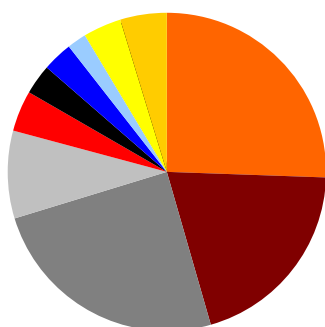
Tours and travel revenue is the net amount of commission retained by JTG through the supply of travel products and services.

Other revenue

Other revenue is any other revenue not falling into the abovementioned categories. This includes revenue streams from Group frequent flyer redemption and marketing revenue (of which the Qantas related portion is eliminated on consolidation), Qantas Club membership, International freight terminal handling fees and charter operation revenue.

EXPENDITURE

Expenditure Sources



	FY10	
	\$M	%
Manpower and staff related	3,405	26%
Aircraft operating variable	2,675	20%
Fuel	3,283	25%
Depreciation and amortisation	1,199	9%
Selling and marketing	572	4%
Property	396	3%
Computer and communication	405	3%
Capacity hire	249	2%
Non-cancellable operating lease rentals	525	4%
Other	633	5%

	FY09	
	\$M	%
Manpower and staff related	3,684	26%
Aircraft operating variable	2,834	20%
Fuel	3,602	25%
Depreciation and amortisation	1,390	10%
Selling and marketing	632	4%
Property	402	3%
Computer and communication	406	3%
Capacity hire	274	2%
Non-cancellable operating lease rentals	450	3%
Other	765	5%

MANPOWER

The Qantas Group had 32,490 full time equivalents (FTEs) as at 30 June 2010. Approximately 87 per cent of the Qantas Group employees are full-time employees and 93 per cent are based in Australia.

Key employee facts as at 30 June

	Unit	2010	2009
FTEs	#	32,490	33,030
Total headcount	#	35,669	35,277
Attrition rate	%	4.7	4.8
Average age (years)	Years	42.8	42.2
% Part time employees	%	13.1	12.9
Union membership	%	60-70	60-70

DEPRECIATION

The Qantas Group uses straight-line depreciation rates for all of its property, plant and equipment excluding freehold land using rates ranging from 2.5 years to 40 years. The asset depreciation periods are:

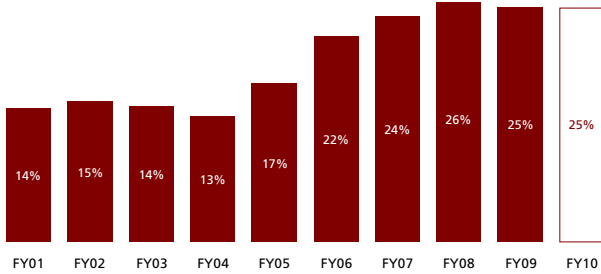
	Years	Residual Value %
Buildings and leasehold improvements	10 – 40	0
Plant and equipment	3 – 20	0
Passenger aircraft and engines ¹	2.5 – 20	0 – 10
Freighter aircraft and engines	2.5 – 20	0 – 20
Aircraft spare parts	15 – 20	0 – 20

1. Qantas passenger aircraft are depreciated to a residual value of 10% at 20 years

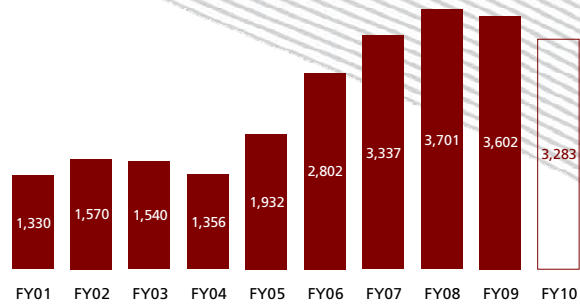


FUEL

Fuel as a % of total expenses



Total Fuel Spend \$M



The Qantas Group has jet fuel supply arrangements with various fuel suppliers in the ports to which the aircraft operate. The price the Qantas Group pays for fuel uplifted in each port is determined by reference to a regional fuel benchmark such as Singapore Jet. Jet fuel costs represented 25 per cent of the Qantas Group's total operating expenditure in 2009/10.

Into-plane margin

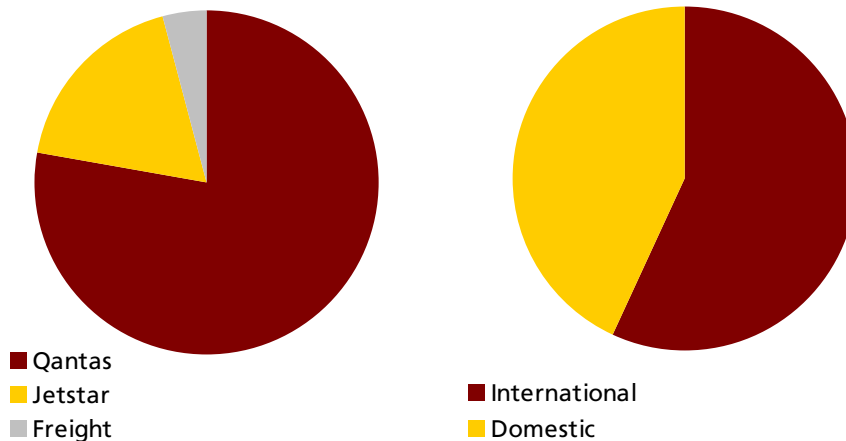
In addition to the regional jet fuel benchmark referenced in supplier arrangements in the relevant port, airlines typically pay an additional into-plane margin. This covers transport, insurance and manpower typically associated with the physical delivery of fuel into the aircraft. The margin varies by location and supplier. The price is negotiated by Qantas and its supplier periodically.

Strategies to offset jet fuel prices

The Qantas Group uses the following to reduce the negative impact from rising jet fuel prices:

- hedging to give the organisation time to adapt to new prices levels
- yield and price management including charging fuel surcharges on tickets
- shortening the jet fuel supply chain
- fuel conservation
- investment in new aircraft
- improvement in air traffic management
- enhanced technology around flying techniques and navigation approach

Indicative Fuel Spend split



AIRCRAFT OPERATING VARIABLE

The Qantas Group spent \$2.7 billion on aircraft operating variable (AOV) costs in 2009/10.

Route navigation charges are incurred by accessing Australian and international airspace.

Landing fees are charged for every landing by the relevant airport company or authority. Each location incurs different fees.

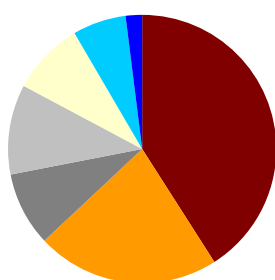
Maintenance consists of aircraft maintenance costs including subcontractor fees and materials. The

timing of aircraft maintenance checks depends on flying hours and cycles (number of departures) and can also be based on calendar dates.

Passenger expenses include in flight consumables and amenities, Inflight entertainment (IFE), lost baggage, delay, Qantas Club and laundry costs.

Crew expenses include accommodation, vehicle hire and allowances.

Aircraft Operating Variable – Indicative split



Indicative % of Total AOV Charges	
Route Navigation and Landing fees	41%
Maintenance (including materials and labour)	22%
Airmeals	9%
Passenger Expenses	11%
Ground Handling	9%
Crew Expenses	6%
Other sundry AOV related expenses	2%

OTHER KEY EXPENSES

Non-cancellable operating leases

The Qantas Group has a mixture of leased aircraft and owned aircraft across its fleet in order to achieve an optimal funding mix. Leased aircraft currently make up approximately 38 per cent of the fleet.

Selling and marketing

Incentive commissions are paid to travel agents for ticket sales. IT system fees are charged to Qantas for the use of global distribution booking systems. Card charges from major credit card suppliers are expensed under Selling and Marketing. Marketing support consists mainly of advertising and sponsorship.

Property

Building rentals are charged to the Qantas Group for leased properties including office buildings, terminals, catering centres, ground space and car parks. Property outgoings include maintenance and cleaning of facilities, waste removal, utilities (energy and water) and statutory charges.

Computer and communications

Managed service costs are costs for outsourced services including desktop, mainframes, network, communications and application support. Project costs include external vendor costs associated with IT project development.

Capacity hire

Wet-lease is a leasing arrangement where the aircraft, operational crew and maintenance are provided by a third party (lessor). Qantas currently has wetlease arrangements in its Airlink, Jetconnect, Jetstar Asia and freighter operations.

Qantas also incurs capacity hire costs when it purchases seats from codeshare partners.

Other

Other expenses include costs that cannot be allocated to other Income Statement categories such as printing, stationery, vehicle costs, exchange rate adjustments and consulting costs.

UNDERLYING PBT METHODOLOGY

In December 2009 Qantas introduced the Underlying PBT methodology. Underlying PBT is the primary reporting measure used by the Qantas Group's chief operating decision making bodies, being the Executive Committee and the Board of Directors, for the purpose of assessing the performance of the Group. Underlying PBT is a non-statutory measure, which excludes certain impacts of AASB 139: Financial Instruments: Recognition and Measurement (AASB 139) and items that management consider being non-recurring in nature.

The principle of Underlying PBT is to remove the volatility caused by the accounting treatment that recognises mark-to-market movements in hedge derivatives in periods that differ from the underlying exposures.

Mark-to-Market movements

Qantas uses derivatives such as options, swaps and forwards exclusively to hedge underlying risks and exposures. Accounting rules result in certain mark-to-market movements in hedge derivatives being recognised in periods that differ from the underlying exposures. This results in significant earnings volatility that cannot be forecast and does not reflect the underlying economic outcomes of the Group's hedging strategy.

Mark-to-market movements deemed by AASB 139 as 'ineffective' must be recognised immediately in the Income Statement rather than being deferred and recognised along with the underlying transaction as are other 'effective' hedge mark-to-market movements.

Options

For Qantas, the major impact of AASB 139 is in relation to options. Economically, options protect from downside risks whilst retaining exposure to upside opportunities - protecting or enhancing shareholder value. The maximum financial exposure over the life of an option used as a hedge instrument is the premium paid.

AASB 139 requires any movements in the non-intrinsic value (largely time value and volatility) of the option to be recognised immediately in the Income Statement. Given the nature of the variables which affect this non-intrinsic value, the Income Statement impact is not able to be forecast. This creates significant volatility and an accounting timing mismatch with the underlying transaction.

Calculation

Underlying PBT is calculated as follows:

- Derivative mark-to-market movements recognised in the current reporting period's statutory profit that are associated with current year exposures remain included in Underlying PBT
- Derivative mark-to-market movements recognised in the current reporting period's statutory profit that are associated with underlying exposures which will occur in future reporting period are excluded from Underlying PBT
- Derivative mark-to-market movements recognised in the current reporting period's statutory profit that are associated with capital expenditure are excluded from Underlying PBT and subsequently included in Underlying PBT as an implied adjustment to depreciation expense for the related assets commencing when the assets are available for use
- Derivative mark-to-market movements recognised in previous reporting period's statutory profit that are associated with underlying exposures which occurred in the current year are included in Underlying PBT
- Underlying PBT excludes the impact of items identified as non-recurring

If Qantas elects to provide future guidance, the Underlying PBT methodology will be provided as it better reflects the operational performance of the business and can be more accurately forecast.

QFUTURE

QFuture is the key business change program within Qantas, designed to position the airline for profitable growth. It involves transformational change across the business – over 30 major initiatives have been identified, together with a range of small projects. Total benefits of \$1.5 billion are targeted over the 3 years FY10 to FY12 to underpin unit cost reduction and margin improvement. QFuture benefits are measured by reference to prior year actual performance.

Objectives of the program are:

- Creating value for our customers
- Optimising revenue and margins
- Driving operational efficiency
- Engaging our workforce

In FY10 Qantas achieved benefits of \$533 million and incurred costs of \$50 million in relation to implementation of the transformational initiatives.

QFuture benefits \$M	1H10	2H10	FY10
Commercial	47	70	151
Customer & Marketing	34	77	77
IT transformation	24	36	60
Fuel	15	26	41
Engineering	32	69	101
Airports, Catering	24	20	44
Other (Flight Operations, Regional, Shared Services)	26	33	59
Total	202	331	533

Transformational Initiatives Underway

Creating value for our customers

- Next Generation Check-In
- International Configuration
- Optimising Revenue and Margins

Optimising revenue and margins

- Cost of Sales
- Alliances
- Revenue Management

Driving operational efficiency

- Aircraft Utilisation & Scheduling
- Fuel Conservation
- Procurement

Engaging our workforce

- Office Consolidation
- IT Transformation

FUNDING

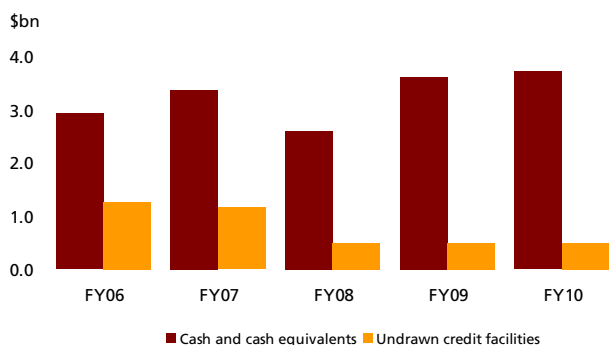
The Qantas Group's funding decisions are made with the aim of maximising strategic and operating flexibility for the fleet renewal cycle. The debt portfolio aims to be competitive in cost, offer repayment flexibility, minimise credit and residual value risks and compromise a balanced maturity profile.

CASH

The Qantas Group maintains a cash balance to cover forecast short term liquidity requirements and other potential cash requirements that may arise in the course of operating an international airline. The cash balance has increased since 2001 as the business has expanded. Ratings agencies also prefer minimum cash levels for rated airlines. Cash is invested in highly rated short term money market securities and term deposits.

As at 30 June 2010, the Qantas Group had a cash balance of \$3.7 billion. In addition to this are \$0.5 billion of undrawn credit facilities and approximately \$1.2 billion of mandated secured debt funding which will be drawn down in line with aircraft deliveries over the next year.

Cash



DEBT

The Qantas Group targets an investment grade credit rating. This optimises funding costs and provides investment and funding flexibility.

As at 30 June 2010, the Qantas Group debt portfolio totalled \$5.7 billion. It comprised an unsecured bank loan which matures in two tranches between February 2012 and April 2014, two unsecured 144A bonds that mature in 2012/13 and 2015/16 and a series of longer term debt and lease facilities secured by aircraft which generally amortise over 10 to 20 years.

The Qantas Group has no unsecured facility maturing before February 2012. The first tranche of the existing syndicated bank facility of \$315 million was refinanced and extended to April 2014. The offer was oversubscribed resulting in an increase in the facility to \$430 million.

The Qantas Group has a range of off balance sheet operating leases with a debt-equivalent value estimated to be \$4.0 billion as at 30 June 2010. These operating leases expire progressively over the next 12 years. The Qantas Group anticipates being able to fund future capital expenditure from cash reserves, cash flow from operations and debt and operating lease facilities.

FINANCIAL RISK MANAGEMENT

The Qantas Group is subject to interest rate, credit, liquidity, foreign exchange and fuel price risks. These risks are an inherent part in operating an international airline. The Qantas Group has a centralised Treasury function that manages the financial risks in line with Board approved policies. The policies include information such as approved financial instruments, hedging delegation levels, reporting requirements and hedge tenors.

INTEREST RATE MANAGEMENT

The Qantas Group has a portfolio of interest rate sensitive assets and liabilities and is exposed to movements in interest rates. In addition to AUD borrowings, the Qantas Group has borrowings denominated in USD and also in currencies where there are surplus revenue streams such as JPY, GBP and EUR. The relative mix of fixed and floating interest rate funding is managed by using interest rate swaps, forward rate agreements and options. For the year ended 30 June 2010, interest-bearing liabilities amounted to \$5,718 million (2009: \$5,503 million). The fixed/floating split is 30 per cent and 70 per cent respectively (2009: 37 per cent and 63 per cent). The Group's cash investments provide some natural offset toward the floating interest rate risk on liabilities.

CREDIT RISK MANAGEMENT

Credit risk is the potential loss from a transaction in the event of default by the counterparty during the term of the transaction or on settlement of the transaction. The Qantas Group minimises the concentration of credit risk by undertaking transactions with a range of customers and counterparties in various countries in accordance with Board approved policy. The Qantas Group applies stringent credit policies and accreditation of travel agents through industry programs. Excluding associates and jointly controlled entities, the Qantas Group's credit exposure for its cash and equivalents

is with counterparties which have a minimum credit rating of A- / A3. Cash is invested in money market instruments of a short-term nature typically maturing in less than one year. The investments may be deposits, discount securities or interest bearing securities.

INSURANCE COVER

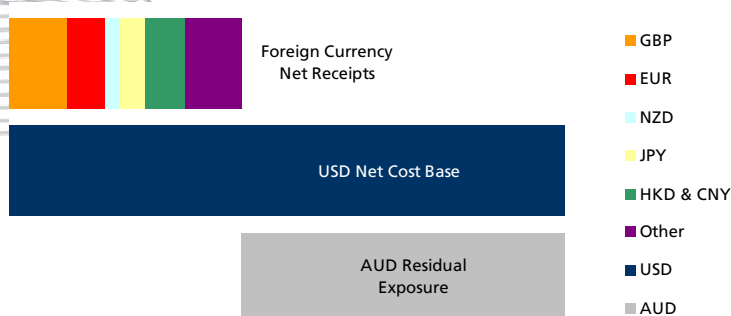
The Qantas aviation insurance program covers all aircraft owned, leased or operated by a Qantas Group company including all aircraft spare parts and other technical equipment. The program also covers liabilities arising out of the Group's aviation operations. Under the Qantas Constitution, Qantas indemnifies, to the extent permitted by law, each Director and Secretary of Qantas against any liability incurred by that person as an officer of Qantas.

FOREIGN CURRENCY HEDGING

The Qantas Group earns revenue in many currencies and incurs USD costs mainly arising from fuel, maintenance and aircraft leasing. The Qantas Group also has expenditure in many other foreign currencies, however revenues earned in those currencies generally offset these expenditures resulting in a net foreign currency receipt. Qantas also has foreign currency capital expenditure commitments for aircraft and related parts. The Qantas Group foreign exchange risk is managed in three ways:

- foreign currency costs are netted against revenues in the same currency
- Qantas may denominate borrowings in net surplus currencies to provide a natural hedge
- Qantas may hedge portions of the remaining exposure using derivatives

Indicative foreign currency exposure



FOREIGN EXCHANGE HEDGING ON FUTURE CAPITAL EXPENDITURE

The Qantas Group hedges foreign exchange exposure for its capital expenditure costs. Aircraft capital expenditure is approximately 80 per cent hedged until June 2012. The capital expenditure sensitivity will rise or fall depending on the level of capital expenditure commitments Qantas has outstanding at any given time, the level of those commitments that are hedged and the hedging instruments used.

Accounting effects from hedging

Two hedging strategies in particular drive accounting ineffectiveness in the Qantas Group results. Crude oil prices and jet fuel prices do not always result in the effectiveness of the hedge falling within the 80 per cent to 125 per cent range required by AASB 139 Financial Instruments: Recognition and Measurement (AASB 139) and can result in changes in fair value of the derivative being deemed ineffective for accounting purposes from time to time. AASB 139 only permits the intrinsic component of an option

value to be deemed an effective hedge. As a result all other aspects of the option value must be marked-to-market through the Income Statement as ineffective. Changes in the value of this non-intrinsic component do not necessarily reflect the original premium paid or potential losses until the option reaches maturity.

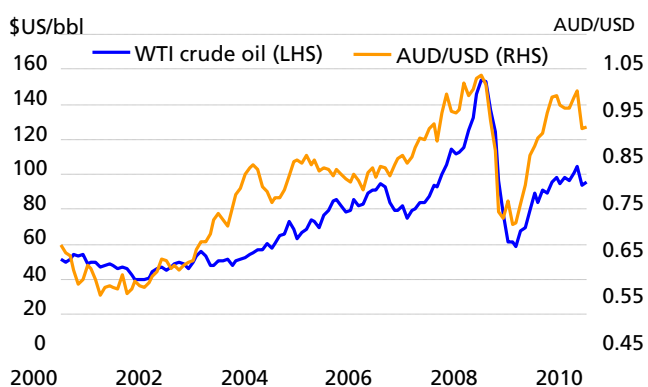
FUEL HEDGING

The Qantas Group uses derivatives such as options and swaps on aviation fuel, gasoil and crude oil to hedge the exposure to movements in the price of aviation fuel. Hedging is conducted in accordance with the Board approved Qantas Treasury Risk Management policy which does not allow speculative trading.

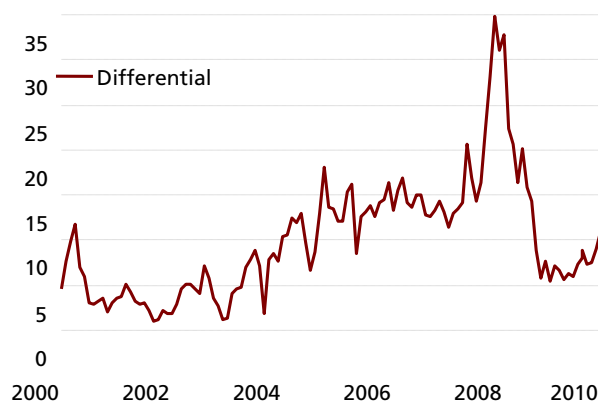
Differential between crude oil and jet fuel

The Qantas Group hedging is mainly undertaken in crude oil proxies such as WTI and Brent as liquidity tends to be better for longer term transactions. Proxy hedging may be converted to a jet fuel basis as the hedge period nears and liquidity improves.

WTI Crude Oil v AUD/USD
FY00 – FY10



Differential between Brent Crude Oil and Singapore Jet fuel - USD per barrel



10 YEAR FINANCIAL OVERVIEW

for the year ended 30 June

QANTAS GROUP

Income Statement \$M

	2010	2009	2008	2007	2006
Net passenger revenue	10,938	11,604	12,709	11,912	10,504
Net freight revenue	821	764	959	903	888
Tours and travel revenue	172	223	124	126	128
Contract Work Revenue	402	426	454	434	469
Other	1,439	1,535	1,381	1,150	1,067
Total Revenue	13,772	14,552	15,627	14,525	13,056
Manpower and staff related	3,405	3,684	3,533	3,335	3,322
Aircraft operating variable	2,675	2,834	2,608	2,616	2,525
Fuel	3,283	3,602	3,701	3,337	2,802
Selling and marketing	572	632	755	503	470
Property	396	402	346	351	320
Computer and communication	405	406	382	527	488
Capacity hire	249	274	276	303	370
Ineffective and non-designated derivatives	173	(105)	55	122	-
Other	633	765	768	652	467
Operating expenditure	11,791	12,494	12,424	11,746	10,764
Non-cancellable operating lease rentals	525	450	400	415	356
Depreciation and amortisation	1,199	1,390	1,469	1,363	1,250
Share of net profit of associates and jointly controlled entities	4	15	(28)	(47)	(39)
Statutory EBIT	253	203	1,362	1,047	726
Finance income	181	207	285	244	163
Finance costs	(256)	(229)	(239)	(259)	(218)
Net Finance income / (costs)	(75)	(22)	46	(15)	(55)
Statutory Profit before tax	178	181	1,408	1,032	671
Income tax expense	62	58	438	313	191
Statutory Profit after tax	116	123	970	720	480
Underlying Profit before tax	377	100	NA	NA	NA

Summarised Balance Sheet \$M

Current assets excluding cash and equivalents	2,128	2,349	3,017	2,271	2,150
Cash and cash equivalents	3,704	3,617	2,599	3,363	2,902
Non-current assets	14,078	14,083	14,084	13,972	14,131
Total assets	19,910	20,049	19,700	19,606	19,183
Current liabilities	6,241	6,714	7,604	6,504	5,430
Non-current liabilities	7,688	7,570	6,361	6,907	7,672
Total equity	5,981	5,765	5,735	6,195	6,081
Total liabilities and equity	19,910	20,049	19,700	19,606	19,183

Summarised Cash Flow Statement \$M

Net cash from operating activities	1,307	1,149	2,128	2,353	2,026
Net cash used in investing activities, excluding capital expenditure	87	367	102	16	638
Net capital expenditure	(1,688)	(1,530)	(1,424)	(1,236)	(1,527)
Net cash from/(used in) financing activities	381	1,032	(1,570)	(672)	(138)
Net change in cash held	87	1,018	(764)	461	998

Key ratios

	Unit					
Earnings per share	cents	4.9	5.6	49.0	36.4	24.9
Net debt (on balance sheet)	\$M	2,209	1,923	1,769	1,392	2,248
Net debt including off balance commitments	\$M	6,170	5,696	4,621	3,976	4,919
Net debt to net debt plus equity ratio		27:73	25:75	24:76	18:82	27:73
Net debt to net debt plus equity including off balance sheet debt, excluding hedge reserve		51:49	50:50	46:54	39:61	46:54
Return on equity	%	1.9	2.1	16.9	11.6	7.9
Average full-time equivalent employees, FTE	#	32,312	33,966	33,670	34,267	34,832

Please refer to notes on page 31



for the year ended 30 June

QANTAS GROUP

Income Statement \$M

	2005	2004	2003	2002	2001
Net passenger revenue	9,835	8,978	8,993	9,028	7,942
Net freight revenue	760	470	511	564	596
Tours and travel revenue	144	140	132	90	79
Contract Work Revenue	485	503	531	479	457
Other	861	692	644	578	589
Total Revenue	12,085	10,783	10,811	10,738	9,663
Manpower and staff related	3,245	2,939	3,018	2,689	2,550
Aircraft operating variable	2,436	2,227	2,405	2,201	2,023
Fuel	1,932	1,356	1,540	1,570	1,330
Selling and marketing	444	466	547	1,159	1,142
Property	301	310	287	264	247
Computer and communication	492	439	412	408	365
Capacity hire	341	287	382	500	220
Ineffective and non-designated derivatives	-	-	-	-	-
Other	365	412	488	354	202
Operating expenditure	9,555	8,435	9,078	9,146	8,078
Non-cancellable operating lease rentals	310	264	284	256	182
Depreciation and amortisation	1,100	1,006	891	694	707
Share of net profit of associates and jointly controlled entities	(2)	(20)	(10)	(36)	-
Statutory EBIT	1,122	1,098	567	679	696
Finance income	117	126	108	69	69
Finance costs	(212)	(260)	(172)	(118)	(168)
Net Finance income / (costs)	(95)	(134)	(65)	(48)	(99)
Statutory Profit before tax	1,027	965	502	631	597
Income tax expense	263	316	156	202	177
Statutory Profit after tax	764	649	347	429	420

Summarised Balance Sheet \$M

Current assets excluding cash and equivalents	1,806	1,957	1,939	2,971	2,100
Cash and cash equivalents	1,904	1,365	2,016	785	259
Non-current assets	14,425	14,252	13,019	11,046	10,155
Total assets	18,134	17,574	16,974	14,802	12,514
Current liabilities	4,635	5,190	4,767	5,581	5,013
Non-current liabilities	7,072	6,544	6,945	4,967	4,184
Total equity	6,427	5,840	5,262	4,254	3,316
Total liabilities and equity	18,134	17,574	16,974	14,802	12,514

Summarised Cash Flow Statement \$M

Net cash from operating activities	1,950	1,999	1,291	1,143	1,101
Net cash used in investing activities, excluding capital expenditure	287	(226)	142	157	80
Net capital expenditure	(1,683)	(1,944)	(3,137)	(2,463)	(951)
Net cash from/(used in) financing activities	(15)	(481)	2,936	1,689	(659)
Net change in cash held	539	(651)	1,231	526	(430)

Key ratios

	Unit					
Earnings per share	cents	40.8	35.7	20.0	29.1	33.0
Net debt (on balance sheet)	\$M	2,844	3,506	3,076	1,905	1,316
Net debt including off balance commitments	\$M	5,039	5,574	5,182	4,110	3,794
Net debt to net debt plus equity ratio		31:69	38:62	37:63	31:69	28:72
Net debt to net debt plus equity including off balance sheet debt, excluding hedge reserve		45:55	49:51	51:49	49:51	53:47
Return on equity	%	11.9	11.1	6.5	10.1	12.6
Average full-time equivalent employees, FTE	#	35,520	33,862	34,872	33,044	31,632



HALF YEAR FINANCIAL OVERVIEW

for the 6 months ended

QANTAS GROUP

Income Statement \$M

	30 Jun 2010	31 Dec 2009	30 Jun 2009	31 Dec 2008	30 Jun 2008
Net passenger revenue	5,362	5,576	5,196	6,408	6,221
Net freight revenue	424	397	271	493	469
Tours and travel revenue	84	88	117	106	52
Contract Work Revenue	214	188	220	206	228
Other	779	660	680	855	872
Total Revenue	6,863	6,909	6,484	8,068	7,842
Manpower and staff related	1,675	1,730	1,746	1,938	1,814
Aircraft operating variable	1,304	1,371	1,315	1,519	1,238
Fuel	1,719	1,564	1,552	2,050	1,994
Selling and marketing	295	277	252	380	424
Property	196	200	199	203	175
Computer and communication	193	212	191	215	146
Capacity hire	127	122	130	144	142
Ineffective and non-designated derivatives	78	95	(167)	62	73
Other	265	368	352	413	465
Operating expenditure	5,852	5,939	5,570	6,924	6,471
Non-cancellable operating lease rentals	272	253	236	214	200
Depreciation and amortisation	624	575	730	660	703
Share of net profit of associates and jointly controlled entities	5	(1)	20	(5)	(11)
EBIT	110	143	(72)	275	479
Finance income	107	74	92	115	143
Finance costs	(129)	(127)	(127)	(102)	(119)
Net Finance income / (costs)	(22)	(53)	(35)	13	24
Profit before tax	88	90	(107)	288	503
Income tax expense	32	30	(14)	72	151
Profit after tax	56	60	(93)	216	352
Underlying Profit before tax	110	267	61	39	NA

Summarised Balance Sheet \$M

Current assets excluding cash and equivalents	2,128	2,200	2,349	4,079	3,017
Cash and cash equivalents	3,704	3,498	3,617	2,831	2,599
Non-current assets	14,078	14,143	14,083	15,587	14,084
Total assets	19,910	19,841	20,049	22,497	19,700
Current liabilities	6,241	6,396	6,714	8,599	7,604
Non-current liabilities	7,688	7,690	7,570	8,250	6,361
Total equity	5,981	5,755	5,765	5,648	5,735
Total liabilities and equity	19,910	19,841	20,049	22,497	19,700

Summarised Cash Flow Statement \$M

Net cash from operating activities	824	483	771	378	834
Net cash used in investing activities, excluding capital expenditure	86	1	(22)	389	31
Net capital expenditure	(678)	(1,010)	(150)	(1,380)	(606)
Net cash from/(used in) financing activities	(26)	407	187	845	(570)
Net change in cash held	206	(119)	786	232	(311)

Key ratios

	Unit					
Earnings per share	cents	2.5	2.6	(5.2)	10.7	17.4
Net debt (on balance sheet)	\$M	2,209	2,353	1,923	3,214	1,769
Net debt including off balance commitments	\$M	6,170	6,154	5,696	6,473	4,621
Net debt to net debt plus equity ratio		27:73	29:71	25:75	36:64	24:76
Net debt to net debt plus equity including off balance sheet debt, excluding hedge reserve		51:49	51:49	50:50	55:45	46:54
Net tangible asset per share	\$	2.35	2.25	2.25	2.55	2.79
Average full-time equivalent employees, FTE	#	32,312	32,386	33,966	34,110	33,670



QANTAS GROUP
Income Statement \$M

	31 Dec 2007	30 Jun 2007	31 Dec 2006	30 Jun 2006	31 Dec 2005
Net passenger revenue	6,488	5,936	5,984	5,225	5,279
Net freight revenue	490	409	494	425	463
Tours and travel revenue	72	63	70	59	69
Contract Work Revenue	226	220	215	228	241
Other	509	498	530	588	493
Total Revenue	7,785	7,126	7,292	6,525	6,545
Manpower and staff related	1,719	1,647	1,687	1,657	1,665
Aircraft operating variable	1,370	1,307	1,301	1,236	1,289
Fuel	1,707	1,602	1,735	1,455	1,348
Selling and marketing	331	356	336	241	229
Property	171	186	165	157	163
Computer and communication	236	132	187	248	240
Capacity hire	134	143	160	177	193
Ineffective and non-designated derivatives	(18)	(11)	133	63	(19)
Other	303	434	211	263	174
Operating expenditure	5,953	5,795	5,915	5,496	5,281
Non-cancellable operating lease rentals	200	205	210	198	158
Depreciation and amortisation	766	656	707	649	601
Share of net profit of associates and jointly controlled entities	(17)	(33)	(14)	(32)	(7)
EBIT	883	504	472	215	511
Finance income	142	137	107	94	69
Finance costs	(120)	(126)	(129)	(121)	(97)
Net Finance income / (costs)	22	11	(22)	(27)	(28)
Profit before tax	905	515	450	188	484
Income tax expense	287	149	143	60	131
Profit after tax	618	366	307	127	353

Summarised Balance Sheet \$M

Current assets excluding cash and equivalents	2,609	2,225	1,632	2,046	2,145
Cash and cash equivalents	2,910	3,363	3,053	2,902	2,204
Non-current assets	14,121	13,906	14,279	14,235	14,472
Total assets	19,640	19,494	18,964	19,183	18,821
Current liabilities	7,081	6,939	5,698	5,421	5,297
Non-current liabilities	6,921	6,915	7,188	7,675	7,453
Total equity	5,638	5,640	6,078	6,081	6,071
Total liabilities and equity	19,640	19,494	18,964	19,183	18,821

Summarised Cash Flow Statement \$M

Net cash from operating activities	1,294	1,374	1,050	1,041	986
Net cash used in investing activities, excluding capital expenditure	71	16	-	262	376
Net capital expenditure	(818)	(621)	(661)	(707)	(820)
Net cash from/(used in) financing activities	(1,000)	459	(238)	103	(241)
Net change in cash held	(453)	310	151	698	300

Key ratios

	Unit	31 Dec 2007	30 Jun 2007	31 Dec 2006	30 Jun 2006	31 Dec 2005
Earnings per share	cents	31.6	18.4	15.6	6.5	18.4
Net debt (on balance sheet)	\$M	1,704	1,392	1,961	2,291	NA
Net debt including off balance commitments	\$M	4,170	3,976	4,510	4,962	5,057
Net debt to net debt plus equity ratio		23:77	20:80	24:76	27:73	NA
Net debt to net debt plus equity including off balance sheet debt, excluding hedge reserve		43:57	41:59	42:58	46:54	NA
Net tangible asset per share	\$	2.73	2.65	2.61	2.95	2.98
Average full-time equivalent employees, FTE	#	33,342	34,267	33,725	34,832	35,158



OPERATING KEY FIGURES

for the year ended 30 June

Qantas Group	Unit	2010	2009	2008	2007	2006
Passenger related key figures						
Number of destinations (including code share)	#	184	151	146	140	142
Number of destinations (excluding code share)	#	85	80	85	85	83
Countries (excluding code share)	#	19	17	16	17	15
Number of passengers	'000	41,428	38,438	38,621	36,449	34,075
Revenue passenger kilometre	m	100,727	99,176	102,466	97,622	90,899
Available seat kilometre	m	124,717	124,594	127,019	122,119	118,070
Passenger load factor	%	80.8	79.6	80.7	79.9	77.0
Passenger revenue/RPK	cents	10.9	11.7	12.4	12.2	11.6
Yield (excluding foreign exchange)	cents	10.6	11.3	12.1	11.7	11.1
Yield variance to prior year (including foreign exchange variances)	%	(9.5)	(3.2)	1.2	7.2	5.8
Yield variance to prior year (excluding foreign exchange variances)	%	(7.2)	(4.3)	3.3	6.9	6.9

Weight related cargo key figures¹

Available Freight tonne kilometre	m	3,925	4,046	4,322	4,216	3,938
Terminal handling tonnes	'000	584	577	648	640	608

Aircraft related

Number of aircraft (including freighters and Jetstar Asia)	#	254	240	228	213	216
Average age of aircraft	Years	8.6	8.8	9.3	9.3	8.5

Fuel and efficiency key figures

Average WTI crude oil	USD	75	70	97	63	64
Average Brent crude oil	USD	75	70	96	65	63
Average Singapore jet fuel	USD	83	85	115	79	77
Average AUD/USD	cents	0.88	0.75	0.90	0.79	0.75
Consumption of jet fuel ³	'000 barrels	29,761	29,944	30,681	30,108	29,755
Qantas on time domestic departures < 15 minutes	%	87.7	80.8	79.1	86.7	85.6
QantasLink on time domestic departures < 15 minutes	%	86.8	83.7	82.8	88.0	85.7
Jetstar on time domestic departures < 15 minutes	%	82.1	76.8	78.4	85.9	85.7

Other key figures

Number of frequent flyer members	m	7.2	5.8	5.3	4.9	4.6
Number of meals prepared	m	35	36	39	38	42
Visits at www.qantas.com ²	m	97	92	79	67	32

1. Refers only to international freight. Australian domestic freight is handled through a joint venture with Australia Post.

2. 2006 data is only inclusive of 28 November 2005 to 30 June 2006.

3. Jet fuel consumption includes Jetstar Asia from April 2009 onwards.



Notes to the financial statements

1. 2010 and 2009 financial results reflect the 2010 Annual Report. 2001 – 2008 financial results correspond to numbers reported in the respective period's Annual Report unless noted otherwise below.
2. 2006 – 2009 results were prepared in accordance with Australian Accounting Standards (AASBs) adopted by the Australian Accounting Standards Board and the Corporations Act 2001. The reported results also comply with International Financial Reporting Standards (IFRS) and interpretations adopted by the International Accounting Standards Board (IASB).
3. 2001 – 2005 reported results have not been restated for compliance with IFRS and interpretations adopted by the IASB and reflect the AASB in the relevant period.
4. 2001 – 2007 Tours and travel expense has been offset by Tours and travel revenue to provide consistency with accounting changes made in 2009.
5. 2007 Ineffective and non-designated derivatives – open positions and Ineffective and non-designated derivatives – closed positions have been merged with Ineffective and non-designated derivatives to provide consistency with accounting changes made in 2009.
6. 2008 revenue and expenses have been adjusted to include the foreign exchange and fuel hedging allocations as per comparatives in the 2009 Annual Report.
7. Earnings per share has not been restated in 2001 – 2007 for the impact of the 2009 equity raising.
8. Half year numbers in italic have been restated in later years.

SHARE DATA, OWNERSHIP AND DIVIDENDS

Qantas Airways Limited listed on the Australian Securities Exchange (ASX) in July 1995 with a float price of \$1.90.

Key financial equity data

Year ending	Unit	2010	2009	2008	2007	2006
Market capitalisation	\$M	4,983	4,553	5,759	11,116	5,787
Number of shares traded	m	4,104	3,036	3,359	6,024	2,474
Weighted average number of ordinary shares	m	2,265	2,051	1,929	1,977	1,928
Number of shares on issue at year end	m	2,265	2,265	1,894	1,985	1,955
Underlying profit before tax per share	cents	17	5	NA	NA	NA
Statutory profit before tax per share	cents	8	9	73	49	35
Statutory profit after tax per share	cents	5	6	50	34	25
Net tangible asset per share	\$	2.35	2.25	2.79	2.93	2.95
Share price at 30 June	\$	2.20	2.01	3.04	5.60	2.96
Highest price during the year	\$	3.02	3.71	6.05	5.83	4.17
Lowest price during the year	\$	1.85	1.42	3.01	2.93	2.93
Average price during the year	\$	2.66	2.49	4.85	4.63	3.54

Substantial Shareholders

The following shareholders have notified that they are substantial shareholders of Qantas Airways Limited:

Shareholder	Ordinary shares held	% of issued shares	Notification date
The Capital Group of Companies Inc	215,829,079	9.53	17 August 2010
Commonwealth Bank of Australia	180,558,629	7.97	2 March 2010
UBS Nominees Pty Limited	140,509,729	6.20	19 March 2010
Westpac Banking Corporation Group	115,135,358	5.08	28 January 2010
Balanced Equity Management Pty Limited	113,454,764	5.01	24 May 2010

Historical number of shares

Date	Event	Number of shares	Total number of shares
February 04	Qantas Long-Term Executive Incentive Plan	10,470	1,822,259,643
April 04	Dividend Reinvestment Plan	22,855,397	1,845,115,040
August 04	Qantas Long-Term Executive Incentive Plan	388	1,845,115,428
September 04	Dividend Reinvestment Plan	22,675,271	1,867,790,699
February 05	Qantas Long-Term Executive Incentive Plan	59,177	1,867,849,876
April 05	Dividend Reinvestment Plan	29,798,872	1,897,648,748
September 05	Dividend Reinvestment Plan	31,024,893	1,928,673,641
February 06	Qantas Long-Term Executive Incentive Plan	2,053,015	1,930,726,656
April 06	Dividend Reinvestment Plan	24,308,788	1,955,035,444
October 06	Dividend Reinvestment Plan	28,991,867	1,984,027,311
February 07	Qantas Long-Term Executive Incentive Plan	963,037	1,984,990,348
August 07	Qantas Long-Term Executive Incentive Plan	516,085	1,985,506,433
October 07 – May 08	On-market Share Buyback	(91,062,424)	1,894,444,009
October 08	Dividend Reinvestment Plan	55,176,946	1,949,620,955
February 09	Institutional Placement	270,270,271	2,219,891,226
March 09	Share Purchase Plan	17,182,087	2,237,073,313
April 09	Dividend Reinvestment Plan	28,050,307	2,265,123,620



Foreign ownership

Under the Qantas Constitution and the Qantas Sale Act:

- foreign persons are restricted from holding a relevant interest in shares in Qantas which, in aggregate, exceeds 49 per cent of the issued share capital of Qantas
- any one foreign person is restricted from holding a relevant interest in shares in Qantas which exceeds 25 per cent of the issued share capital of Qantas
- foreign airlines are restricted from holding a relevant interest in shares in Qantas which, in aggregate, exceeds 35 per cent of the issued share capital of Qantas

While only Qantas is subject to the Qantas Sale Act, the 49 per cent foreign ownership limit is also imposed on other Australian-designated international airlines by the Air Navigation Act.

The ASX Listing Rules require Qantas to notify the market when the level of foreign ownership is within 5 percentage points of a foreign ownership limit and then for each percentage point change to the disclosed foreign ownership level.

On 22 July 2010, the potential level of foreign ownership in Qantas was approximately 36.3 per cent. Please refer to the ASX and Qantas websites for the latest advised level of foreign ownership.

Dividend history

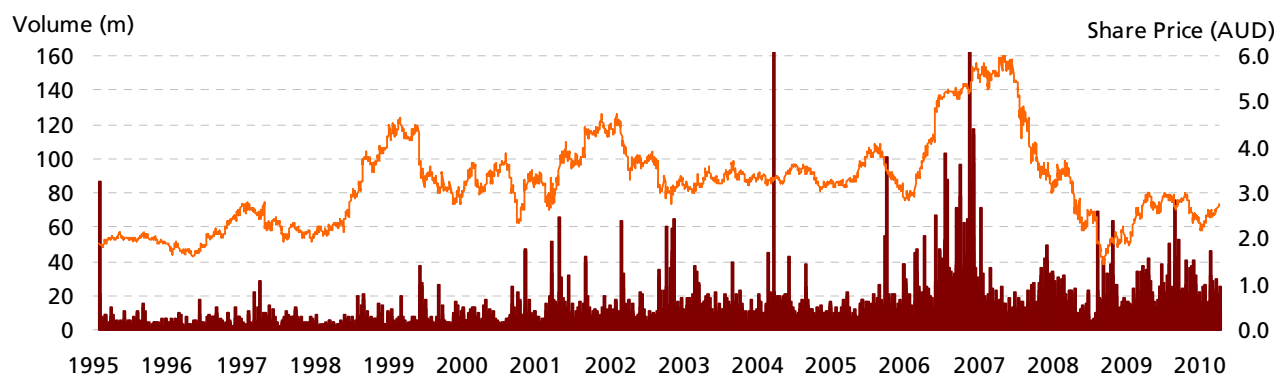
Year	Final	Interim	Special
2009/10	–	–	–
2008/09	–	6.0	–
2007/08	17.0	18.0	–
2006/07	15.0	15.0	–
2005/06	11.0	11.0	–
2004/05	10.0	10.0	–
2003/04	9.0	8.0	–
2002/03	9.0	8.0	–
2001/02	9.0	8.0	–
2000/01	9.0	11.0	–
1999/00	11.0	11.0	37.0
1998/99	11.0	8.0	13.5
1997/98	7.0	6.5	–
1996/97	6.5	6.5	–
1995/96	6.5	6.5	–

Analysts covering Qantas*

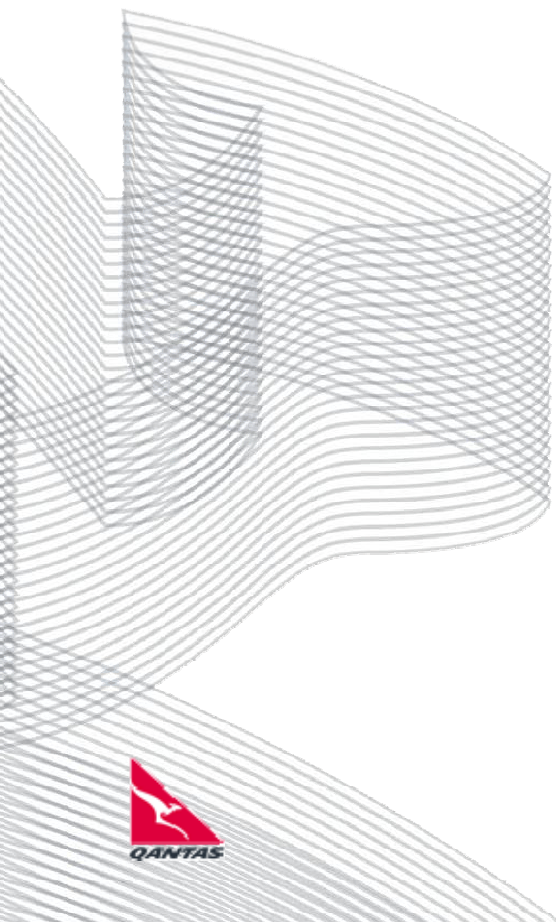
Citi	Sharvarsh Bedrossian
CLSA	Robert Bruce
Commonwealth Bank	Matthew Crowe
Credit Suisse	Anthony Moulder
Deutsche Bank	Cameron McDonald
Goldman Sachs JBWere	Andrew Gibson
JP Morgan	Scott J Carroll
Macquarie	Name withheld
Merrill Lynch	Kevin O'Connor
Morgan Stanley	Scott Kelly
RBS	Mark Williams
Southern Cross Equities	Lafitani Sotiriou
UBS	Simon Mitchell

*These analysts follow the Qantas Group and are known to the Company. Please note this list is provided for informational purposes only and any opinions, estimates, forecasts, predictions, conclusions, recommendations or other statements regarding the Qantas Group performance made by these analysts are theirs alone and do not constitute the opinions, estimates, forecasts, predictions, conclusions, recommendations or statements of the Qantas Group or its management. The Qantas Group does not by its reference above or distribution imply its endorsement of or concurrence with such information. Analyst reports may contain errors or omissions and the Qantas Group does not provide any assurance that facts stated in any analyst report are correct. The Qantas Group undertakes no duty to update or correct information contained in any analyst report.

Qantas Share Price History



This page has been left blank intentionally



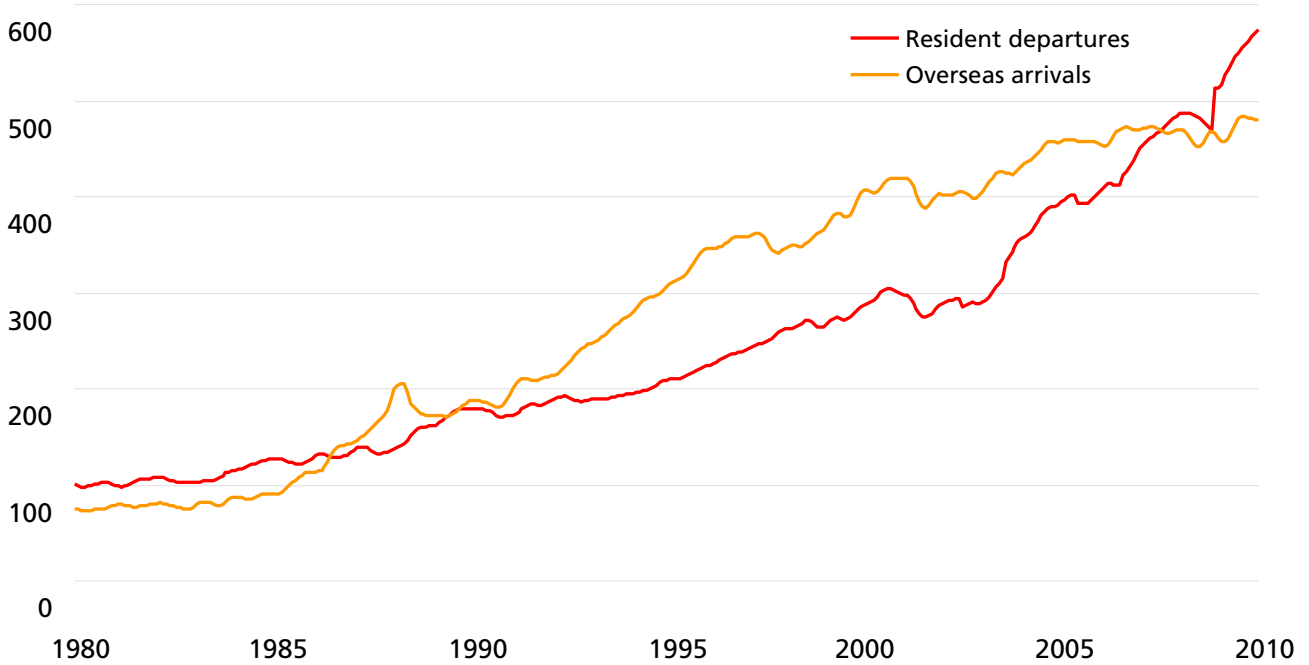


OPERATIONAL AND
COMMERCIAL DATA

PASSENGER AND MARKET SHARE DATA

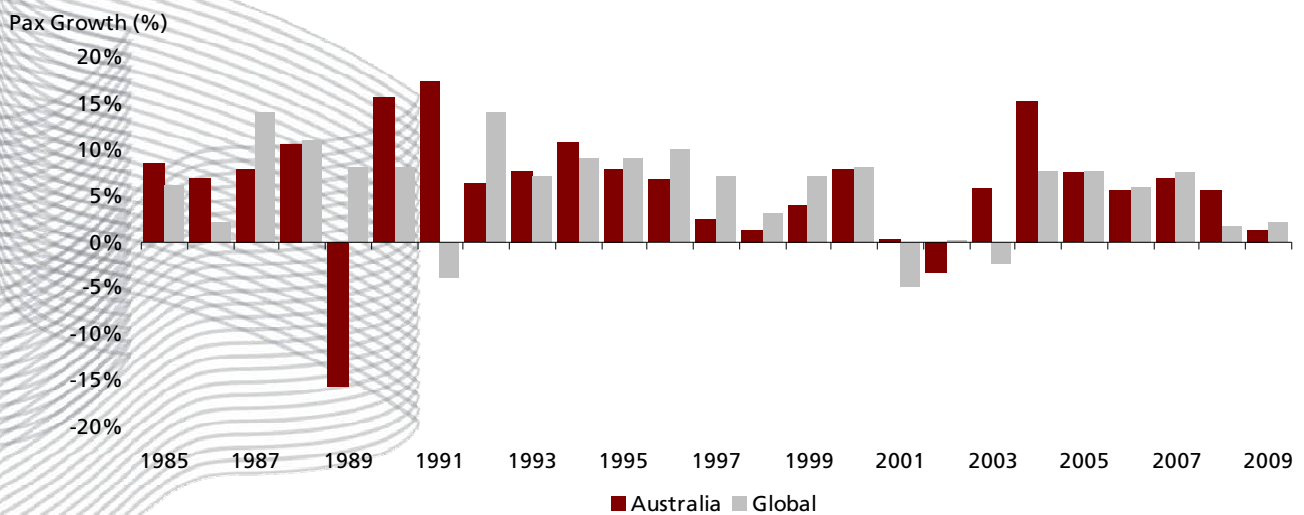
Australian Departures and Overseas Arrivals

Pax movements ('000)



Source: ABS

Australian and Global Passenger Growth

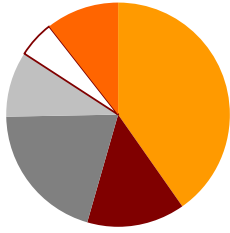


Source: BITRE, IATA, ABS

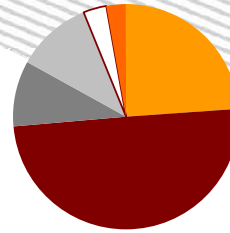


Distribution of Passengers – FY10

Distribution of Revenue Passenger Kilometres – FY10



Qantas Domestic	40%
Qantas International	14%
Jetstar Domestic	20%
Jetstar International	9%
Jetstar Asia	6%
Qantas Link	10%



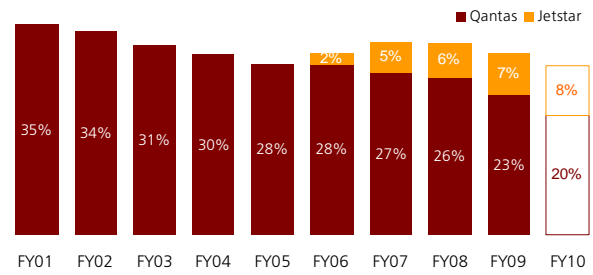
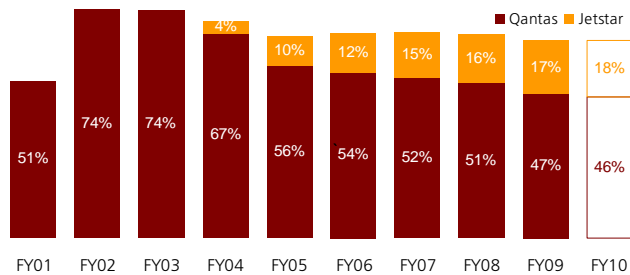
Qantas Domestic	24%
Qantas International	50%
Jetstar Domestic	9%
Jetstar International	11%
Qantas Link	3%

Source: Qantas

Source: Qantas

Market Share - Domestic

Market Share - International

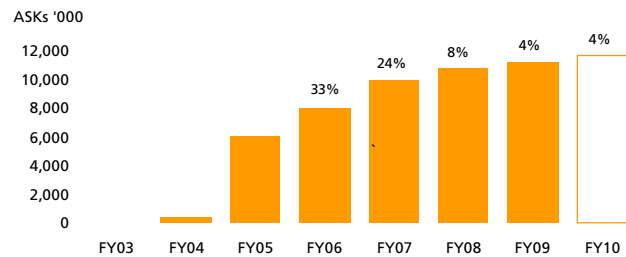
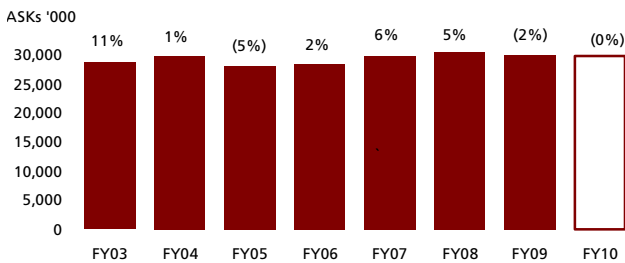


Source: Qantas

Source: Qantas

Qantas Domestic Growth Rates

Jetstar Domestic Growth Rates



Source: Qantas traffic statistics

Source: Qantas traffic statistics



FLEET

At 30 June 2010, the Qantas Group operated a total passenger fleet of 250 aircraft. The Qantas Group encompasses Qantas and Jetstar including Jetstar Asia but excludes Jetstar Pacific and Air Pacific. In addition, Express Freighters Australia operated four dedicated B737-300 freighter aircraft. The Qantas Group wet-leases three B747-400 and one B767-200 freighter aircraft.

Aircraft Orders

FY11 – FY18	Firm Order
Airbus A330-200	5
Airbus A320-200/A321-200	54
Airbus A380-800	14
Boeing B787-8/B787-9	50
Boeing B737-800	28
Bombardier Q400	7
Total	158

Aircraft List Prices	USD million (range/mean)
Boeing B737-800	72.5 – 81.0
Boeing B747-400/400ER	234.0 – 266.5
Boeing B767-300ER	144.5 – 161.5
Boeing B787-8	161.0 – 171.5
Boeing B787-9	194.0 – 205.5
Airbus A320	81.4
Airbus A321	95.5
Airbus A330-200	191.4
Airbus A330-300	212.4
Airbus A380	346.3

Source: Boeing and Airbus websites, August 2010
Qantas negotiates its own price with both Airbus and Boeing. The agreed price is not disclosed due to commercial confidentiality reasons.

Fleet Retirements

From September 2009 through to January 2010 three B767-300 and three B747-400 aircraft progressively entered into storage programs and were held for sale. The three B767-300 aircraft are currently under transaction for their sale.

Qantas Group Fleet – FY10

Aircraft Type	Owned ¹	Operating Lease	Total
Qantas			
Airbus A380-800	6	–	6
Boeing B747-400ER	6	–	6
Boeing B747-400	17	4	21
Boeing B767-300ER	16	10	26
Boeing B737-800	29	12	41
Boeing B737-400	21	–	21
Airbus A330-200	–	7	7
Airbus A330-300	10	–	10
	105	33	138
QantasLink			
Boeing B717-200	–	11	11
Bombardier Q200/Q300	21	–	21
Bombardier Q400	21	–	21
	42	11	53
Jetstar			
Airbus A330-200	6	1	7
Airbus A320-200 ²	–	46	46
Airbus A321-200	1	5	6
	7	52	59
Total Passenger Fleet	154	96	250
Express Freighters Australia	4	–	4

1. Includes Hire Purchase and Finance Lease Aircraft

2. Includes Jetstar Asia, excludes Jetstar Pacific



AIRCRAFT AS AT 30 JUNE 2010

Airbus A380



	Unit	
Number of aircraft	#	6
Max number of seats	seats	450
Configuration	seats	P 14, J 72, W 32, Y 332
Length	m	72.6
Wingspan	m	79.8
Altitude	m	13,700
Cruising speed	km/h	920
Range (full payload)	km	14,800
Engines	Type	Rolls Royce Trent 900s

Boeing B747 – 400/400ER



	Unit	
Number of aircraft	#	21/6
Max number of seats	seats	412/307
Configuration	seats	Kangaroo: P 14, J 52, W 32, Y 255 Pacific: P 14, J 66, W 40, Y 187 Other: J 56, Y 356
Length	m	70.7
Wingspan	m	64.4
Altitude	m	13,700
Cruising speed	km/h	920
Range (full payload)	km	12,700/12,971
Engines	Type	Rolls Royce RB211-524G-T/ General Electric CF6-80C2B5F

Boeing B767 ER



	Unit	
Number of aircraft	#	26
Max number of seats	seats	254
Configuration	seats	J 25-30, Y 204-224
Length	m	54.9
Wingspan	m	60.3
Altitude	m	13,100
Cruising speed	km/h	890
Range (full payload)	km	9,085
Engines	Type	Rolls Royce RB211-524H/ General Electric CF6-80C2-B6

Airbus A320/A321*



	Unit	
Number of aircraft	#	46/6
Max number of seats	seats	177/210
Configuration	seats	All Economy
Length	m	37.7/44.5
Wingspan	m	34.1/34.1
Altitude	m	12,000
Cruising speed	km/h	850/830
Range (full payload)	km	4,800
Engines	Type	International Aero Engines V2500

*operated by Jetstar and Jetstar Asia

Airbus A330 – 200*/300

Boeing B737 – 400/800



	Unit	
Number of aircraft	#	14/10
Max number of seats	seats	303/297
Configuration	seats	J 30-36, Y 199 – 267
Length	m	58.4/63.7
Wingspan	m	60.3/60.3
Altitude	m	12,500
Cruising speed	km/h	890
Range (full payload)	km	8,500/7,000
Engines	Type	General Electric CF6-80E1A4

	Unit	
Number of aircraft	#	21/41
Max number of seats	seats	130/150/168
Configuration	seats	J 8-16, Y 112-156
Length	m	33.4/36.4/39.5
Wingspan	m	28.9/28.9/35.8
Altitude	m	11,300/11,300/12,500
Cruising speed	km/h	830/830/850
Range (full payload)	km	4,100/4,400/4,800
Engines	Type	CFM International (CFM56-3B-2 & 3C-1, CFM56-7B24 & 7B26)

*7 operated by Jetstar

Bombardier Dash 8/Q400

Boeing B717

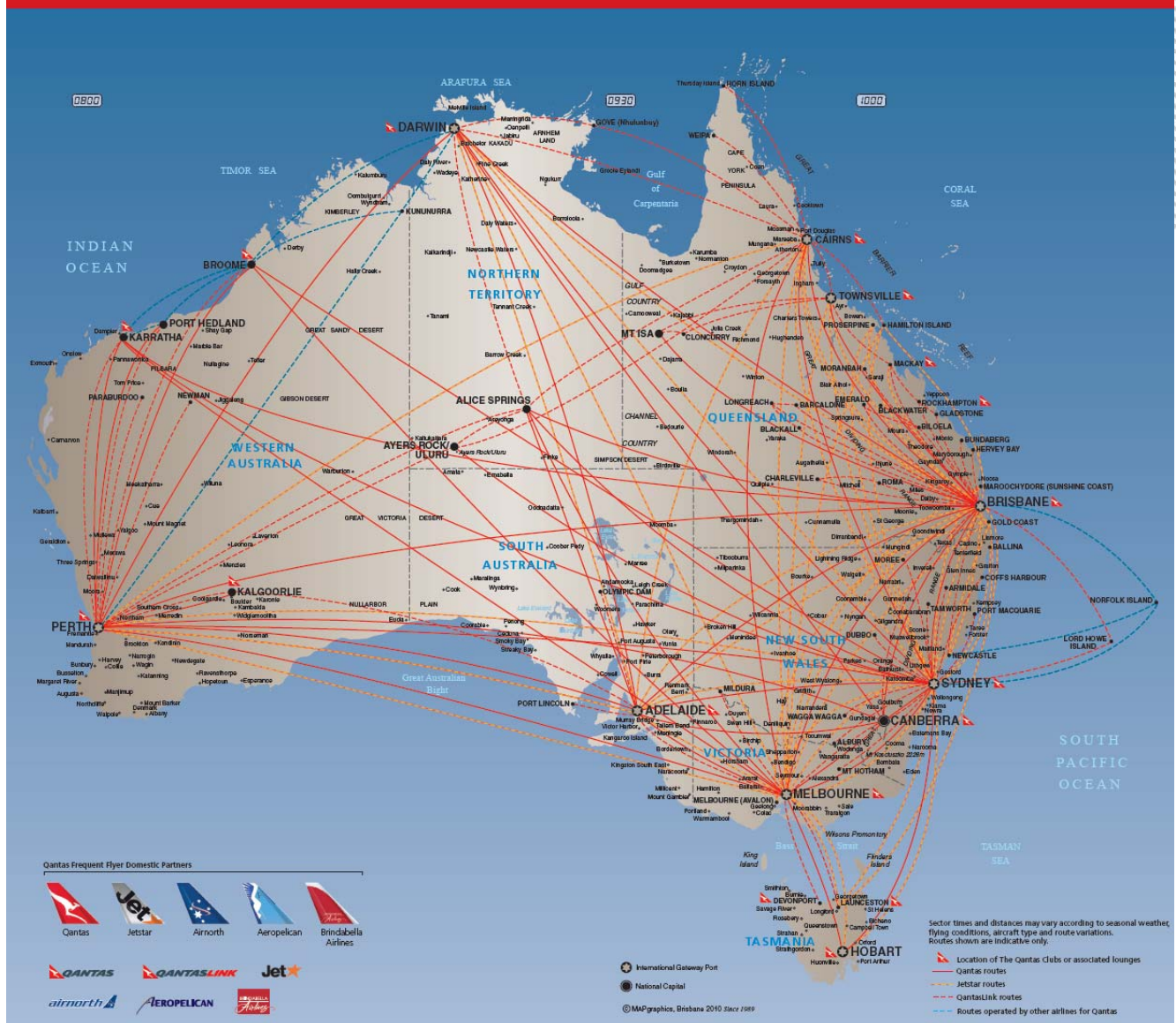


	Unit	
Number of aircraft	#	21/21
Max number of seats	seats	50/74
Configuration	seats	All Economy
Length	m	25.7/32.8
Wingspan	m	27.4/28.4
Altitude	m	7,600
Cruising speed	km/h	500/670
Range (full payload)	km	1,557/1,668
Engines	Type	Pratt & Whitney PW150A

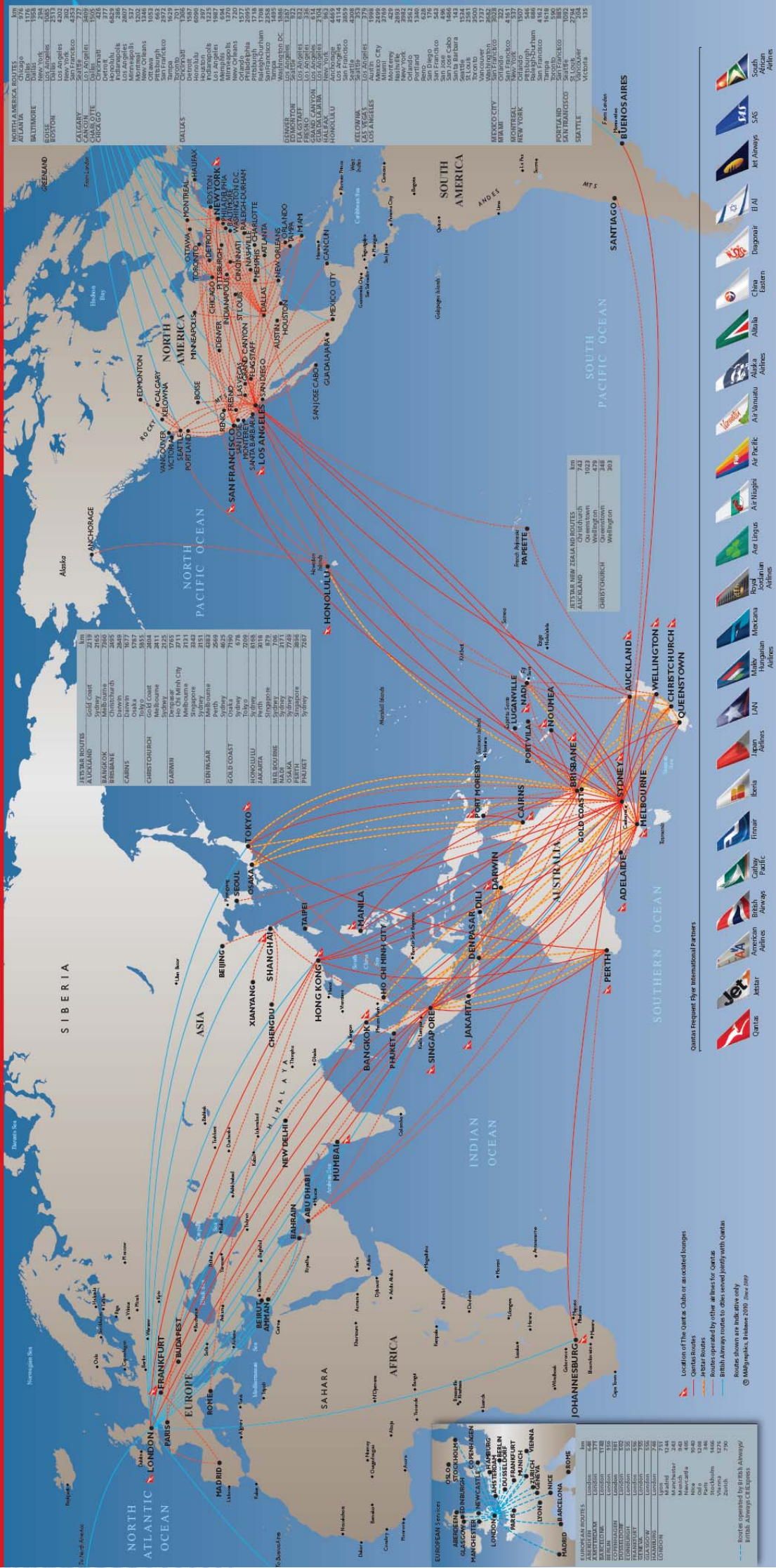
	Unit	
Number of aircraft	#	11
Max number of seats	seats	115
Configuration	seats	All Economy
Length	m	37.8
Wingspan	m	28.4
Altitude	m	10,700
Cruising speed	km/h	850
Range (full payload)	km	2,408
Engines	Type	Rolls Royce Deutschland BR-715

QANTAS GROUP ROUTE MAPS

route network – domestic



route network – international



NORTH AMERICA ROUTES

City	km
Chicago	1776
Atlanta	1626
Baltimore	1550
Boston	1495
Boston	1432
New York	1352
New York	1277
Seattle	727
Seattle	717
Portland	712
Portland	702
Portland	692
Portland	682
Portland	672
Portland	662
Portland	652
Portland	642
Portland	632
Portland	622
Portland	612
Portland	602
Portland	592
Portland	582
Portland	572
Portland	562
Portland	552
Portland	542
Portland	532
Portland	522
Portland	512
Portland	502
Portland	492
Portland	482
Portland	472
Portland	462
Portland	452
Portland	442
Portland	432
Portland	422
Portland	412
Portland	402
Portland	392
Portland	382
Portland	372
Portland	362
Portland	352
Portland	342
Portland	332
Portland	322
Portland	312
Portland	302
Portland	292
Portland	282
Portland	272
Portland	262
Portland	252
Portland	242
Portland	232
Portland	222
Portland	212
Portland	202
Portland	192
Portland	182
Portland	172
Portland	162
Portland	152
Portland	142
Portland	132
Portland	122
Portland	112
Portland	102
Portland	92
Portland	82
Portland	72
Portland	62
Portland	52
Portland	42
Portland	32
Portland	22
Portland	12

JETSTAR ROUTES

City	km
Auckland	2319
Brisbane	1912
Brisbane	1850
Brisbane	1788
Brisbane	1726
Brisbane	1664
Brisbane	1602
Brisbane	1540
Brisbane	1478
Brisbane	1416
Brisbane	1354
Brisbane	1292
Brisbane	1230
Brisbane	1168
Brisbane	1106
Brisbane	1044
Brisbane	982
Brisbane	920
Brisbane	858
Brisbane	796
Brisbane	734
Brisbane	672
Brisbane	610
Brisbane	548
Brisbane	486
Brisbane	424
Brisbane	362
Brisbane	300
Brisbane	238
Brisbane	176
Brisbane	114
Brisbane	52

JETSTAR NEW ZEALAND ROUTES

City	km
Christchurch	743
Wellington	479
Wellington	448
Wellington	417

- Qantas Frequent Flyer International Partners**
- British Airways
 - Virgin Atlantic
 - Emirates
 - Qatar Airways
 - Etihad Airways
 - ANA
 - Japan Airlines
 - All Nippon Airways
 - China Eastern
 - China Southern
 - Dragonair
 - Jet Airways
 - Qatar Airways
 - Singapore Airlines
 - SriLankan Airlines
 - Tiger Airways
 - TransAsia Airways
 - WestJet
 - Alitalia
 - British Airways
 - Virgin Atlantic
 - Emirates
 - Qatar Airways
 - Etihad Airways
 - ANA
 - Japan Airlines
 - All Nippon Airways
 - China Eastern
 - China Southern
 - Dragonair
 - Jet Airways
 - Qatar Airways
 - Singapore Airlines
 - SriLankan Airlines
 - Tiger Airways
 - TransAsia Airways
 - WestJet
 - Alitalia
 - British Airways
 - Virgin Atlantic
 - Emirates
 - Qatar Airways
 - Etihad Airways
 - ANA
 - Japan Airlines
 - All Nippon Airways
 - China Eastern
 - China Southern
 - Dragonair
 - Jet Airways
 - Qatar Airways
 - Singapore Airlines
 - SriLankan Airlines
 - Tiger Airways
 - TransAsia Airways
 - WestJet
 - Alitalia

ALLIANCE AND PARTNERS

Qantas Group is a founding member of **oneworld**. In addition, Qantas has 25 bilateral codeshare partners extending the Qantas network beyond its own destinations offering passengers a global network.

oneworld

The **oneworld** alliance comprises some of the world's leading airlines. Customers can earn and redeem frequent flyer points and earn status credits with all member airlines on eligible fares across the **oneworld** network and, for top tier members, enjoy their privileges across over 550 lounges worldwide. Alliance members also work together to make travel across their combined networks as smooth as possible. **oneworld** was the first airline alliance to offer interline e-ticketing across all member carriers, meaning customers can travel with the convenience of a single electronic ticket across the combined **oneworld** network. **oneworld** also offers an unrivalled choice of tickets, including the popular Explorer round-the-world fare and Visit passes for each continent. QantasLink is an **oneworld** affiliate airline.

Joint Services Agreement (JSA)

Qantas and **oneworld** partner British Airways (BA) entered into a Joint Services Agreement (JSA) in 1995, giving customers a wider range of routing and fare options between Australia, Asia and Europe, reciprocal member lounge access and frequent flyer program benefits and the establishment of joint lounges in a number of ports. In March 2010, the Australian Competition and Consumer Commission (ACCC) renewed its approval of the continuation of the JSA for a further five years. The authorisation gives Qantas and BA the ability to coordinate schedules and pricing on their services between Australia, Asia and Europe. The JSA is a profit sharing arrangement where costs and revenue on the JSA routes are aggregated and the benefits are shared based on the capacity contribution. As a result of the JSA, Qantas and BA have an extensive codeshare relationship and share a wide variety of resources. The partnership has led to the integration of operations in Bangkok and Singapore, joint or co-located airport and sales offices in a number of locations around the world and the sharing of airport lounges in Bangkok, Hong Kong, and Singapore. Together, Qantas and BA operate 42 return services between Australia and the United Kingdom and Europe each week under the JSA.

Other codeshare partners

In addition to its bilateral relationships with BA, American Airlines and Air Pacific, Qantas has codeshare relationships with many other leading airlines, offering customers an extended network that provides seamless access to destinations around the world. As at 30 June 2010 Qantas had codeshare arrangements with 25 partners and will continue to explore new opportunities.

CODE SHARE DETAILS

Partner	Explanation of code share and co-operations
Aircalin	Qantas and Aircalin codeshare on services between Sydney, Brisbane and Noumea.
Air Niugini	Qantas codeshares on all Air Niugini services between Port Moresby and Sydney and between Port Moresby and Brisbane.
Air France	Qantas codeshares on all Air France services between Singapore and Paris and between Hong Kong and Paris. Air France codeshares on selected Qantas services between Singapore and Sydney, Melbourne, Brisbane, Adelaide and Perth and between Hong Kong and Sydney, Melbourne and Brisbane.
Airnorth	Qantas codeshares on Airnorth services between Kununurra and Perth, Darwin and Broome and also between Darwin and Dili, Port Hedland and Karratha (via Broome).
Air Pacific	Qantas codeshares on Air Pacific services between Nadi and Sydney, Melbourne, Brisbane, Honolulu, Los Angeles, Auckland and Christchurch.
Air Tahiti Nui	Qantas codeshares on all Air Tahiti Nui services between Papeete and Auckland and also selected services between Papeete and Los Angeles. Air Tahiti Nui codeshares on selected Qantas services between Auckland and Sydney.
Air Vanuatu	Qantas codeshares on all Air Vanuatu services between Port Vila and Sydney, Melbourne and Brisbane and also between Espiritu Santo and Brisbane.
Alaska Airlines/ Horizon Air	Qantas codeshares on Alaska services from: <ul style="list-style-type: none"> • Los Angeles to Seattle, Vancouver, Portland, Anchorage, Flagstaff, Reno and Boise; • San Francisco to Seattle and Portland; and • Honolulu to Seattle and Anchorage. • Seattle to Vancouver, Edmonton, Calgary, Victoria and Kelowna.
Alliance Airlines	Qantas codeshares on Alliance Airlines services between Adelaide and Olympic Dam.
American Airlines	Qantas codeshares on American Airlines services to 31 cities in the USA and 4 cities in Canada: <ul style="list-style-type: none"> • Los Angeles to Austin, Boston, Chicago, Dallas/Fort Worth, Denver, Fresno, Honolulu, Las Vegas, Miami, Monterey, Nashville, Newark, New York, Orlando, San Diego, San Francisco, San Jose, Santa Barbara, St Louis, Toronto and Washington DC; • San Francisco to Boston, Chicago, Dallas/Fort Worth, Honolulu, Miami, New York and St Louis; • Chicago to Atlanta, Cincinnati, Detroit, Honolulu, Indianapolis, Minneapolis, New Orleans, Pittsburgh, Tampa, Ottawa, Montreal and Toronto; • Dallas/Fort Worth to Atlanta, Baltimore, Boston, Charlotte, Cincinnati, Detroit, Honolulu, Houston, Indianapolis, Memphis, Minneapolis, New Orleans, Orlando, Philadelphia, Pittsburgh, Raleigh-Durham, Tampa and Washington DC; and • New York to Baltimore, Boston, Montreal, Halifax, Orlando, Pittsburgh, Raleigh-Durham, Toronto and Tampa. American Airlines codeshares on Qantas services: <ul style="list-style-type: none"> • from Los Angeles to Auckland, Brisbane, Melbourne and Sydney; • from Sydney to Honolulu, New York and San Francisco; • 10 Australian domestic routes; and • Three trans-Tasman routes.
Asiana Airlines	Qantas codeshares on Asiana services between Seoul and Sydney.

Partner	Explanation of code share and co-operations
British Airways	<p>Qantas and British Airways codeshare on each others' services between Australia, Singapore, Bangkok and both London and Frankfurt.</p> <p>Qantas codeshares on British Airways services beyond London Heathrow to:</p> <ul style="list-style-type: none"> • 23 points in Continental Europe; Amsterdam, Barcelona, Berlin, Budapest, Copenhagen, Dusseldorf, Frankfurt, Geneva, Hamburg, Lyon, Madrid, Milan, Munich, Nice, Oslo, Paris, Prague, Rome, Stockholm, Toulouse, Vienna, Warsaw and Zurich; • Five points within the United Kingdom; Aberdeen, Edinburgh, Glasgow, Manchester and Newcastle. <p>British Airways codeshares on selected Qantas services;</p> <ul style="list-style-type: none"> • 16 Australian domestic routes; • Seven trans-Tasman routes; and • Between Auckland and Los Angeles.
Cathay Pacific	Qantas codeshares on Cathay Pacific services between Hong Kong and Rome.
China Eastern Airlines	<p>Qantas codeshares on China Eastern services between Shanghai and Beijing, Chengdu, Dalian, Fuzhou, Guangzhou, Harbin, Kunming, Qingdao, Shenyang and Xian and also between Shanghai and Singapore.</p> <p>China Eastern codeshares on selected Qantas services;</p> <ul style="list-style-type: none"> • 11 Australian domestic routes; • Five trans-Tasman routes; and • Between Singapore and Sydney, Melbourne, Brisbane, Perth and Adelaide
Deutsche Bahn	Qantas codeshares on Intercity-Express rail services operated by Deutsche Bahn between Frankfurt and Cologne, Dusseldorf, Hamburg, Hanover, Munich, Nuremberg and Stuttgart.
Eva Air	Qantas codeshares on Eva Air services between Brisbane and Taipei.
Iberia	<p>Qantas codeshares on Iberia services between Madrid and London and between Madrid and Frankfurt.</p> <p>Iberia codeshares on Qantas services between London and Sydney and between Frankfurt and Sydney.</p>
Japan Airlines	<p>Qantas codeshares on Japan Airlines services between Brisbane and Tokyo. Qantas also codeshares on selected services between Singapore and Tokyo.</p> <p>Japan Airlines codeshares on selected Qantas services between Singapore and Melbourne, Adelaide and Perth.</p>
Jet Airways	<p>Qantas codeshares on Jet Airways services between Singapore and New Delhi, and Singapore and Mumbai.</p> <p>Jet Airways codeshares on selected Qantas services between Singapore and Sydney, Melbourne, Brisbane, Perth and Adelaide.</p>
LAN Airlines	Qantas codeshares on all LAN services between Sydney, Auckland and Santiago.
Malev Hungarian Airlines	Qantas codeshares on Malev services between Budapest and Frankfurt.
Mexicana	<p>Qantas codeshares on Mexicana services between Los Angeles and Mexico City, Cancun, Guadalajara and San Jose del Cabo and also between San Francisco and Mexico City. Mexicana codeshares on Qantas services between Los Angeles and Sydney, Brisbane and Melbourne, and also between San Francisco and Sydney.</p>
Our Airline	Qantas codeshares on Our Airline services between Norfolk Island and Sydney, Brisbane and Newcastle.
South African Airways	<p>Qantas codeshares on all South African Airways services between Johannesburg and Perth.</p> <p>South African Airways codeshares on all Qantas services between Sydney and Johannesburg.</p>
Vietnam Airlines	Qantas codeshares on Vietnam Airlines services between Ho Chi Minh City and Sydney, and also between Ho Chi Minh City and Melbourne.

QANTAS TRAFFIC AND CAPACITY STATISTICS

	Unit	2009/10	2008/09	2007/08	2006/07	2005/06
Qantas Group						
Passengers	'000	41,428	38,438	38,621	36,449	34,075
Traffic (RPK)	m	100,727	99,176	102,466	97,622	90,899
Capacity ASK)	m	124,717	124,594	127,019	122,119	118,070
Load factor	%	80.8	79.6	80.7	79.9	77.0
Qantas Domestic						
Passengers	'000	16,640	16,379	17,105	16,350	15,772
Traffic (RPK)	m	24,092	23,781	24,831	23,709	22,449
Capacity ASK)	m	29,795	30,013	30,901	29,783	28,347
Load factor	%	80.9	79.2	80.4	79.6	79.2
QantasLink						
Passengers	'000	4,323	4,120	4,204	3,858	3,316
Traffic (RPK)	m	2,936	2,918	2,904	2,507	2,092
Capacity ASK)	m	4,369	4,281	4,071	3,523	3,048
Load factor	%	67.2	68.2	71.3	71.2	68.6
Jetstar Domestic						
Passengers	'000	8,367	8,110	7,596	6,882	5,599
Traffic (RPK)	m	9,456	9,060	8,602	7,752	5,941
Capacity ASK)	m	11,615	11,197	10,753	9,944	7,990
Load factor	%	81.4	80.9	80.0	78.0	74.4
Qantas International¹						
Passengers	'000	5,900	7,243	8,138	8,600	9,188
Traffic (RPK)	m	49,979	54,337	59,030	60,709	59,948
Capacity ASK)	m	60,608	66,871	71,563	74,596	78,012
Load factor	%	82.5	81.3	82.5	81.4	76.8
Jetstar International²						
Passengers	'000	3,910	2,123	1,578	759	200
Traffic (RPK)	m	11,037	8,412	7,099	2,945	469
Capacity ASK)	m	14,316	11,355	9,731	4,273	673
Load factor	%	77.1	74.1	73.0	68.9	69.7
Jetstar Asia³						
Passengers	'000	2,288	463	–	–	–
Traffic (RPK)	m	3,227	668	–	–	–
Capacity ASK)	m	4,014	878	–	–	–
Load factor	%	80.4	76.0	–	–	–

1. Includes Australian Airlines in 2004/05

2. Jetstar International commenced operations in November 2006

3. Jetstar Asia became a Qantas Group subsidiary in April 2009



	Unit	2004/05	2003/04	2002/03	2001/02	2000/01
Qantas Group						
Passengers	'000	32,658	30,076	28,884	27,128	22,147
Traffic (RPK)	m	86,986	81,276	77,225	75,134	70,540
Capacity (ASK)	m	114,003	104,200	99,509	95,944	92,943
Load factor	%	76.3	78.0	77.6	78.3	75.9
Qantas Domestic						
Passengers	'000	16,145	17,700	16,789	15,063	11,218
Traffic (RPK)	m	22,472	23,711	22,496	20,168	14,790
Capacity (ASK)	m	28,078	29,713	28,754	25,373	18,695
Load factor	%	80.0	79.8	78.2	79.5	79.1
QantasLink						
Passengers	'000	3,058	2,996	3,527	3,641	3,166
Traffic (RPK)	m	1,879	1,931	2,332	2,357	2,068
Capacity (ASK)	m	2,596	2,687	3,233	3,334	3,001
Load factor	%	72.4	71.9	72.1	70.7	68.9
Jetstar Domestic						
Passengers	'000	4,384	315	–	–	–
Traffic (RPK)	m	4,346	277	–	–	–
Capacity (ASK)	m	6,004	383	–	–	–
Load factor	%	72.4	72.3	–	–	–
Qantas International¹						
Passengers	'000	9,401	9,111	8,568	8,424	7,763
Traffic (RPK)	m	58,631	55,395	52,397	52,609	53,682
Capacity ASK	m	77,834	71,455	67,522	67,237	71,247
Load factor	%	75.3	77.5	77.6	78.2	75.3
Jetstar International²						
Passengers	'000	–	–	–	–	–
Traffic (RPK)	m	–	–	–	–	–
Capacity ASK	m	–	–	–	–	–
Load factor	%	–	–	–	–	–
Jetstar Asia³						
Passengers	'000	–	–	–	–	–
Traffic (RPK)	m	–	–	–	–	–
Capacity ASK	m	–	–	–	–	–
Load factor	%	–	–	–	–	–

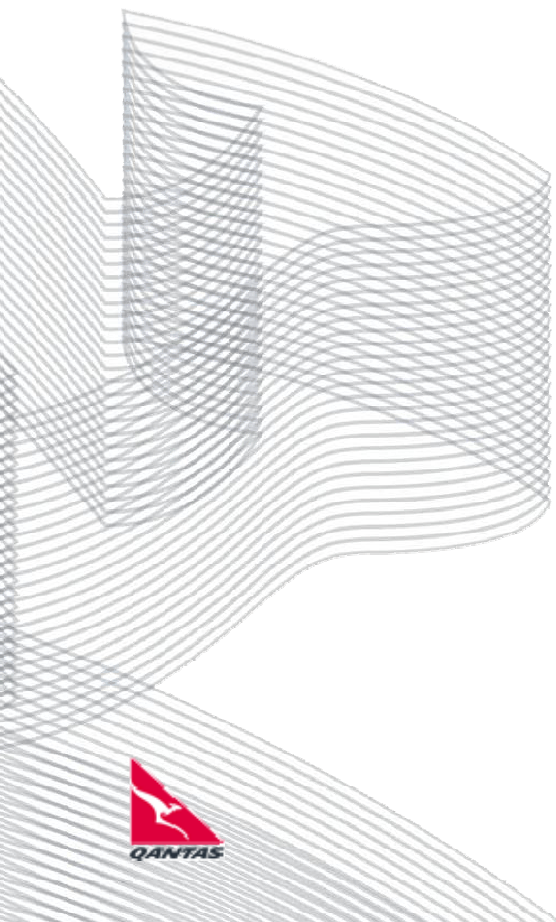
1. Includes Australian Airlines in 2004/05

2. Jetstar International commenced operations in November 2006

3. Jetstar Asia became a Qantas Group subsidiary in April 2009



This page has been left blank intentionally



QANTAS PORTFOLIO OF BUSINESSES



QANTAS

Qantas is a single integrated airline providing airline transportation through its two Qantas brands - Qantas and QantasLink. Qantas is comprised of Commercial, Customer and Marketing and Operations. Qantas Operations comprises Flight Operations, Operations Planning and Control, Engineering, Airports, Catering, and Qantas Aviation Services. Qantas is Australia's largest full service airline, operating a fleet of 191 aircraft and carrying 27 million passengers to 75 destinations in Australia, New Zealand, Asia, North and South America, Africa and Europe. Qantas is a premium, full-service airline offering First, Business, Premium Economy and Economy products on certain international services, Business and Economy products on domestic services, a Frequent Flyer program, inflight meals and airport lounges. Qantas manages a global sales and distribution network including qantas.com, Australia's leading travel website. Qantas is a founding member of the **oneworld** global airline alliance. QantasLink is a wholly-owned subsidiary of Qantas Airways serving 54 metropolitan and regional destinations across Australia and Port Moresby in Papua New Guinea with 53 aircraft and approximately 2,000 flights each week.

Commercial Operations

Commercial Operations focus on the sales, distribution and network for the airline. Qantas distributes its products through travel agents and via its Qantas Travel centres, Qantas Telephone Sales centres, the internet and travel wholesalers such as Qantas Holidays. Network planning, inventory management and pricing aim to achieve an optimal return from a network offering designed to suit the needs of a wide range of customers. Alliance and codeshare development work with the 25 codeshare partners while looking for further opportunities with other airlines.

Qantas Financial Statement \$M		FY10	FY09	FY08
External segment revenue		9,588	10,532	11,877
Intersegment revenue		1,021	1,092	1,094
Total Qantas revenues		10,609	11,624	12,971
Share of net (loss)/profit of associates and jointly controlled entities		(13)	(13)	12
Qantas underlying EBITDAR		1,415	1,363	2,834
Depreciation and amortisation		(1,069)	(1,106)	(1,219)
Non-cancellable operating lease rentals		(279)	(253)	(257)
Qantas underlying EBIT		67	4	1,358
Qantas Operational data	Unit	FY10	FY09	FY08
Destinations	#	75	72	75
Daily departures	#	709	716	691
Number of passengers	'000	26,863	27,742	29,450
RPK	m	77,007	81,036	86,766
ASK	M	94,772	101,165	106,536
Load factor	%	81.3	80.1	81.4
Yield variance to prior year	%	(5.2)	(4.1)	5.9
Number of aircraft	#	191	186	188
Qantas domestic on time departures < 15 minutes	%	87.7	80.8	79.1
Number of FTE	#	26,919	27,636	29,573

Customer and Marketing

The Customer and Marketing function of the airline is responsible for the Qantas brand, as well as designing and delivering the end-to-end customer experience on the ground and in the air. This involves incorporating customer feedback, market segmentation, competitive benchmarking and economic analysis to design and develop world-leading products and services which strengthen the Qantas brand and enhance customer satisfaction. Inflight Services is responsible for ensuring every item that is needed on board any flight, is sourced, purchased, shipped and loaded on board every aircraft in the correct quantities. Our Cabin Crew team deliver an exceptional service experience for our customers onboard, whilst our dedicated Customer Care unit is responsible for managing post-flight customer service and recovery. Marketing encompasses all aspects of Qantas' advertising and promotional activities, using traditional and emerging digital media channels, as well as leveraging Qantas' sporting, arts and community sponsorships under the "Sharing the Spirit Program".

Qantas Flight Operations

Qantas Flight Operations manages around 2,300 pilots and the associated planning, training and scheduling required to execute Qantas' premium domestic and international flying program. Flight Operations' objective is to ensure the safe, effective and efficient flying operations of Qantas' premium airline. As industry leaders in technology development, Flight Operations is helping Qantas harness the full potential of both its technological expertise and industry experience to set the highest operational standards to deliver world's best safety.



Operations Planning and Control

Operations Planning and Control (OP&C) manages the airline's Integrated Operations Centre (IOC) which houses functional experts from across the airline who manages the operation of up to 3,400 flights per week.

The aim of the IOC is to focus on the customer in the delivery of the schedule and in the development of plans to recover from service disruptions. The IOC operates 24 hours per day, seven days per week, and every day of the year. OP&C also focuses on delivering the published schedule and improving on time performance.

Engineering

Qantas Engineering operates one of the largest aircraft engineering and maintenance organisations in the Asia-Pacific region. Qantas Engineering operates facilities in Adelaide, Avalon, Brisbane, Los Angeles, Melbourne, Tamworth and Sydney.

Airports

The Qantas Group's domestic and international airport operations provide a range of services to the Qantas Group airlines and other international airlines, including check-in, baggage handling, load control and the operation of lounge facilities.

Express Ground Handling, a wholly owned subsidiary, provides baggage handling services to meet the cost, aircraft turnaround time and utilisation requirements of low cost airline Jetstar.

The Qantas Group currently owns and operates its own domestic terminals in Sydney and Melbourne. Qantas also operates its own leased domestic terminals in Brisbane, Canberra, Hobart and Perth and shares facilities at common-user terminals at other ports across Australia and overseas.

Qantas operates 45 lounges as part of its terminal operations, offering Qantas Club members, First and Business class customers a relaxed and efficient working environment. Qantas Airports handles 27 million passengers yearly and has 27 external airline customers.

Catering

Catering is a wholly-owned subsidiary of the Qantas Group and is the largest flight caterer in Australia, servicing premium airlines, special needs of VIP aircraft, charter operations and providing catering and related services to long distance rail clients. Meals produced are supplied to Qantas, QantasLink and other external customers.

Catering consists of the premium catering business, Q Catering, and the meal component manufacturer Snap Fresh. They produced over 36 million meals across eight facilities Australia-wide for 35 customers in the financial year 2009/10. Q Catering and Snap Fresh are ISO22000 certified, making the Qantas Group the first multi-site flight caterer in the world to achieve this certification at all of its locations.

Q Catering services customers through seven centres around Australia in Adelaide, Brisbane, Cairns, Melbourne, Perth, and its two centres in Sydney. Snap Fresh specialises in the centralised production of frozen meals for airline and non-airline customers.

Qantas Aviation Services

Qantas Aviation Services delivers specialist services to the Qantas Group and third party customers. Qantas Defence Services (QDS) provides expert support for the Royal Australian Air Force (RAAF) C130 Hercules aircraft and the Australian Government's VIP aircraft. QDS is also providing aircraft conversion services for Airbus Military on the RAAF's Multi Role Tanker Transport.

LTQ is a joint venture between the Qantas Group and Lufthansa Technik to repair and overhaul Qantas, Lufthansa and third party General Electric engines and Qantas flap tracks. Qantas Aviation Services is also consolidating the support function for the Qantas Group's wide range of Ground Support Equipment.

JETSTAR

Jetstar is the Qantas Group's low cost airline brand. Jetstar is a wholly-owned subsidiary of the Qantas Group and operates under separate management to Qantas. Based in Melbourne, Jetstar commenced operations on 25 May 2004 and is now the largest low cost carrier in Asia Pacific (based on gross revenue). Jetstar is comprised of Jetstar Domestic, including Express Ground Handling (EGH), Jetstar International (including New Zealand based operations), a 49% holding in Singapore based Jetstar Asia/Valuair (financially consolidated at 100%) and an investment in Vietnam based Jetstar Pacific (27% equity holding). Both investments operate under brand and business service agreements with Jetstar. Jetstar has been profitable since start-up and is predicted to be approximately 8 times its launch size by 2012.

As at 30 June, Jetstar brands comprised 7 A330-200 aircraft operating long haul international flying from Sydney, Melbourne, Cairns and the Gold Coast to Asia and Honolulu, 53 single-class Airbus A320/A321 aircraft operating domestically and internationally within and from Australia and New Zealand, as well as across Asia, and 5 B737 aircraft operated by Jetstar Pacific. During 2009/10, Jetstar entered 8 incremental A320/A321 aircraft and 1 A330 aircraft into service, primarily growing Australian and Asian markets as well as adding Fiji to its network.

New Zealand based operations

Jetstar's New Zealand market has grown substantially since it first commenced international flying on the trans Tasman market from Christchurch in December 2005. In April 2009, Jetstar entered the Auckland market with daily services to Sydney and the Gold Coast, and in June 2009 Jetstar replaced Qantas in the domestic New Zealand market operating 84 services a week between Auckland, Christchurch, Queenstown and Wellington. Jetstar

will expand New Zealand operations with a 7th aircraft in 2010/2011 growing international and domestic services.

Pan Asian Strategy

Short haul Asian international flying has strengthened with an expanding base in Darwin for both domestic and international flights into Asia including Singapore, Ho Chi Minh City and Denpasar (Bali), and is planned to grow from three A320s by mid 2009 to seven aircraft during 2012 serving numerous domestic and near Asian markets. Short haul operations from Perth have grown since commencement in October 2008 with additional flights to Melbourne, Adelaide and Cairns. Jetstar Asia/Valuair have expanded services across Asia with the addition of 3 A320 aircraft in 2009/11 and is expecting delivery of a further 2 A320 aircraft in 2010/11. Further, the commencement of A330 long haul services from Singapore to Melbourne and Auckland in 2010/11 supports the strategic development of Jetstar's Singapore hub. Jetstar Pacific, operating domestically in Vietnam, is the only low cost value-based airline in Vietnam. The country has a population of 84 million and has significant scope to grow the share of air travel and offers proximity to some of the fastest growing international markets in Asia. Jetstar Pacific has a fleet plan transitioning to an all A320 fleet type commencing in October 2010.

Long Haul International

Long haul international flying commenced on 23 November 2006, and offers two-class services from Sydney, Melbourne, Cairns and Gold Coast. The fleet is planned to grow to 11 by 2012, with the first delivery of the B787-800 Dreamliner brought forward two years (to June 2012) to cement future long haul growth in Asia and southern Europe.

Jetstar Financial Statement \$M

	2010	2009	2008
External segment revenue	2,012	1,653	1,341
Intersegment revenue	185	198	223
Total Jetstar revenues	2,197	1,851	1,564
Share of net loss of associates and jointly controlled entities	(3)	(15)	3
Jetstar underlying EBITDAR	463	373	317
Depreciation and amortisation	(17)	(15)	(5)
Non-cancellable operating lease rentals	(315)	(251)	(210)
Jetstar underlying EBIT	131	107	102

Operational data

	Unit	2010	2009	2008
Destinations	#	53	50	30
Daily departures	#	269	199	176
Number of passengers	'000	14,565	10,696	9,174
RPK	m	23,720	18,140	15,702
ASK	m	29,945	23,430	20,484
Load factor	%	79.2	77.4	76.7
Yield variance to last year	%	(8.0)	(0.0)	5.1
Number of aircraft	#	59	43	36
Jetstar % domestic arrivals < 15 minutes	%	83	78	77
Number of FTE	#	3,098	3,010	2,735



JETSTAR ROUTE MAP



QANTAS FREIGHT ENTERPRISES

Qantas has been carrying freight since the airline's inaugural regular scheduled service in 1922, and uplifting international mail since the airline's first overseas flight to Singapore in 1935. Today, the Qantas Group's freight assets are controlled by the wholly-owned subsidiary Qantas Freight Enterprises (QFE).

Internationally, Qantas Air Freight (Air Freight) markets the freight capacity of all Qantas and most Jetstar international aircraft and operates a fleet of three wetleased B747-400SF freighters and one B767-200 freighter. Air Freight offers services on over 850 weekly Qantas and Jetstar flights to over 150 destinations in 38 countries. This network is complemented by commercial agreements with **oneworld** and other carriers through the use of an extensive trucking fleet throughout Australia, Europe and the USA.

Qantas Freight operates a further four B737-300 freighters which are leased through the Express Freighters Australia company which holds its own Air Operators Certificate (AOC) to its domestic express joint venture vehicle, Australian air Express.

QFE is Australia's largest operator of cargo handling terminals with facilities throughout Australia and one in Los Angeles, servicing both Qantas and third party clients.

In May 2008, QFE acquired Jets Transport Express, a specialist provider of trucking services for air freight movements within Australia. The acquisition enables QFE to manage the airside/trucking interface more effectively, delivering terminal operation efficiencies and providing existing customers with an alternative distribution offering.

In the domestic express sector, the Qantas Group owns 50 per cent of two joint ventures with Australia Post: Australian air Express and Star Track Express. Australian air Express is Australia's leading domestic express air freight service company. It operates dedicated freighter aircraft and markets Qantas and Jetstar domestic bellyspace. Star Track Express is a premier road express transport and logistics solution provider of high value, express/time sensitive cargo in the business-to-business market.

QFE Segment Financial Statement

	2010	2009	2008
External segment revenue	1,003	1,077	1,140
Intersegment revenue	4	3	1
Total QFE revenues	1,007	1,080	1,141
Share of net profit of jointly controlled entities	12	13	22
QFE underlying EBITDAR	61	25	96
Depreciation and amortisation	(13)	(12)	(11)
Non-cancellable operating lease rentals	(6)	(6)	(6)
QFE underlying EBIT	42	7	79

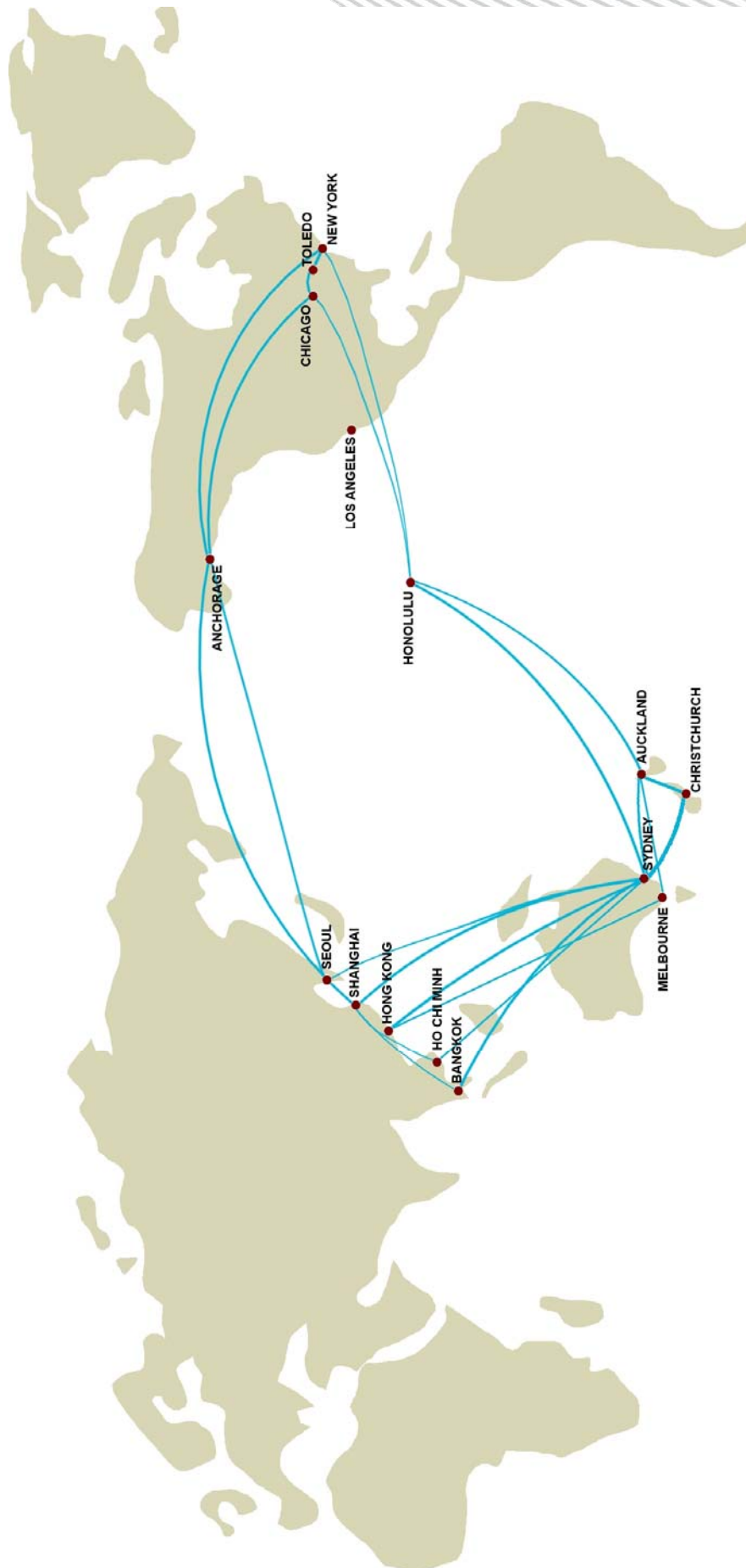
Operational and key data

	2010	2009	2008
AFTK, international	3,925	4,046	4,322
Terminal tonnes, '000	584	577	648
Freight aircraft, international	4	4	3
Freight aircraft, domestic	4	4	4
Number of FTE#	1,227	1,256	1,374

#Includes DPEX Worldwide and Jets Transport Express



FREIGHTER ROUTE MAP



QANTAS FREQUENT FLYER

Qantas Frequent Flyer (QFF) is Australia's premier coalition loyalty program, with over 7.2 million member accounts (5.8 million as at 30 June 2009). Qantas market research indicates QFF is one of the main reasons people choose to fly Qantas.

QFF has over 490 earn partners, who pay QFF to issue points to members when they purchase partner products or services. The combination of a wide partner network for earning, and a large member base, makes the QFF program more valuable to both partners and members.

QFF members can use their points for a wide range of rewards, including Award flights on Qantas, Jetstar and over 25 partner airlines; upgrades on eligible Qantas flights; and over 1,850 products and vouchers in Australia and New Zealand through the QFF Store.

Segmentation

Qantas Frequent Flyer (QFF) was established as a separate segment within the Qantas Group in September 2007. Operating QFF as a separate segment provides greater focus on growing the strong and stable cash flow and profit, while preserving and enhancing the synergies between QFF and the Qantas Group airlines.

Segmentation has assisted in QFF becoming a coalition loyalty program and building a scalable business with a deep understanding of members and their behaviour. The segment is responsible for administering and growing the QFF program. Qantas, QFF's largest and most important partner retains the ability to manage the airline's tier recognition system, including lounges and the airline points offering.

QFF Segment Financial Statement	2010	2009	2008
Total QFF revenues	1,108	1,049	849
Share of net profit of associates and jointly controlled entities	-	-	-
QFF underlying EBITDAR	330	226	128
Depreciation and amortisation	(2)	-	-
Non-cancellable operating lease rentals	-	-	-
QFF underlying EBIT	328	226	128
Reported EBIT	328	310	128

Normalisation Adjustment	2010	2009	2008
Normalised EBIT	167	149	150
Normalisation adjustment ¹	161	77	(22)
Underlying EBIT	328	226	128
Estimated one-off impact of DE point 'rush'	-	84	-
Reported EBIT	328	310	128

1. Restates redemption revenue to the fair value of the awards redeemed (removing the prospective recognition adjustment) and recognises marketing revenue for the 'marketing element' when a point is sold

Key Operating Measures	Unit	2010	2009	2008
Underlying billings	\$M	952	913 ²	929
Partners	#	490	400	350
Employees	#	82	71	53
Members	#M	7.2	5.8	5.3
Awards redeemed	#M	3.7	3.8	3.5
Classic airline partners	#	27	25	23
Products available on store	#	1,850	1,200	700

2. FY09 excludes rush-in from direct earn strategy of \$342 million



Earn Partners

QFF has over 490 earn partners, who pay QFF to issue points to members when they purchase partner products or services, creating loyalty to the partner and rewarding the member for that loyalty. During 2009/10 several significant new partners joined the program, including Woolworths Group companies, and St George's Amplify credit card.

Members can earn points with a wide range of coalition partners:

- Airlines including Qantas, Jetstar and 25 others covering a worldwide network of over 700 destinations
- Credit cards from 11 leading card issuers in Australia and New Zealand
- Woolworths Group retailers, including Woolworths and Safeway supermarkets, Woolworths and Safeway Liquor, BIG W, BWS, Dick Smith and Tandy; with Woolworths Caltex fuel outlets coming during 2010/11.
- Hotels
- Car rental companies
- Restaurants
- Financial institutions
- Entertainment providers; and
- Other retailers

Having a wide range of everyday shopping partners in the coalition allows members to earn enough points for a reward more quickly, especially by "double dipping," which means earning points from a partner and earning more points by paying with a QFF linked credit card.

QFF's business development efforts are focused on developing partnerships with leading brands in Australia and New Zealand across consumer spend categories not currently represented in the program.

Marketing

QFF utilises advanced analytics to build a deep understanding of member behaviour. QFF can then target relevant offers from partners utilising a variety of communication channels. While traditional direct mail and email channels remain important, QFF is also exploring new channels, trialling an iGoogle gadget, with plans under development to explore the iPhone and social media. Optimisation of offers and channels provides positive member experiences and successful business outcomes for partners.

Changes to the QFF program structure, rules or conditions are communicated via qantas.com, e-mails, Frequent Flyer newsletters or personal mailings. Members can control their e-mail preferences to make the most out of the program.

Commercial

QFF has commercial relationships in place with leading brands in most partner markets, providing over 490 different earn opportunities for members. Over the last year there have been significant additions to the partner portfolio, providing the opportunity for members to earn points on every day spend.

In October 2008, QFF commenced transitioning to a primarily "Direct Earn" model for its arrangements with its credit and charge card issuing partners. There are now well over a million direct earn card holders in Australia and New Zealand. QFF currently has agreements with 11 issuers in Australia. From the end of March 2009, most members now require a Direct Earn card to earn Qantas Frequent Flyer points from credit and charge card spend.

The Woolworths Group became a Qantas Frequent Flyer program partner in June 2009. This world-leading loyalty alliance delivers ability for consumers to earn points easily through their everyday shopping. Members are currently able to earn points at Woolworths and Safeway supermarkets, Woolworths and Safeway Liquor, Big W, Dick Smith, Tandy and BWS and will also be able to earn points at Woolworths/Caltex Fuel outlets later this year. Since launch more than 2.7m members were linked to Woolworth's Everyday Rewards Program and earning points from shopping at participating Woolworths Group stores.

Current business development efforts are focussed on developing partnerships with leading brands in Australia and New Zealand, allowing members to earn points for consumer purchases, not currently serviced by QFF.

People

QFF has a small, high calibre team of professionals. The organisation is structured along key partner industry verticals including operational and commercial channels.

Awards

QFF has a wide range of awards available for redemption. Classic Award flights on Qantas, Jetstar, **oneworld** and other airline partners are the traditional frequent flyer award seats, offering the best value with limited availability. Classic Awards can be in the form of one-way, return or multi-destination flights as well as flight upgrades. Members can choose Classic Awards on Australian domestic, New Zealand domestic and international flights to over 700 destinations worldwide.



Any Seat Awards were introduced in July 2008 to offer more choice and flexibility when using points to book an Award Flight. Points can be used for a Qantas and Jetstar Any Seat Award on any available seat on any Qantas or Jetstar flight with a QF or JQ flight number, and for combined travel on 46 selected airlines to over 100 other destinations. As long as there is a seat available for sale, there is a redemption option under Qantas and Jetstar Any Seat Award. The points needed for flights include surcharges, fees and taxes, and vary depending on the flight chosen. Members can use all points or Points + Pay.

In 2009/10 Qantas added the option for members to use a combination of Points + Pay for all flight bookings on qantas.com. Members can use points to reduce the amount of money they need to pay for flights.

As part of the enhancements in July 2008, Qantas Frequent Flyer Store was expanded to include an extensive range of quality merchandise, vouchers and unforgettable experiences. Members can choose from more than 1,850 products, including over 100 vouchers, for delivery in Australia, or from more than 550 products, including over 50 vouchers, for delivery in New Zealand.

The improvements were designed to establish the program as a world leader in terms of customer value and to drive profit growth through increased member engagement and activity.

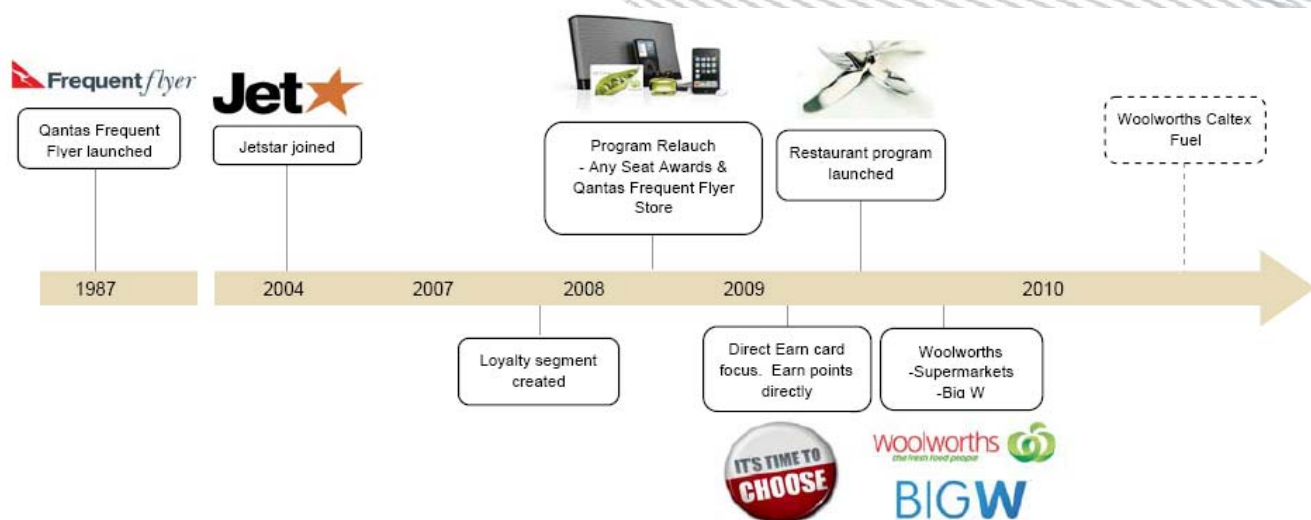
Operations and Member Service

Members can access their account online 24 hours a day to use points for Award bookings or in the QFF Store, check how many points they have, view their activity history and update their information. The Frequent Flyer Service Centre (FFSC) assists members with account and program queries over the phone.

QFF is investing in new generation CRM systems to support its growth in future years. A new data warehouse was implemented in July 2010 to provide more timely data in a self-service format for business users. QFF is replacing its legacy member and transaction database with the state of the art Oracle Siebel Loyalty CRM platform to provide increased flexibility at a lower cost. The first release of Siebel, supporting the FFSC, was also implemented in July 2010.



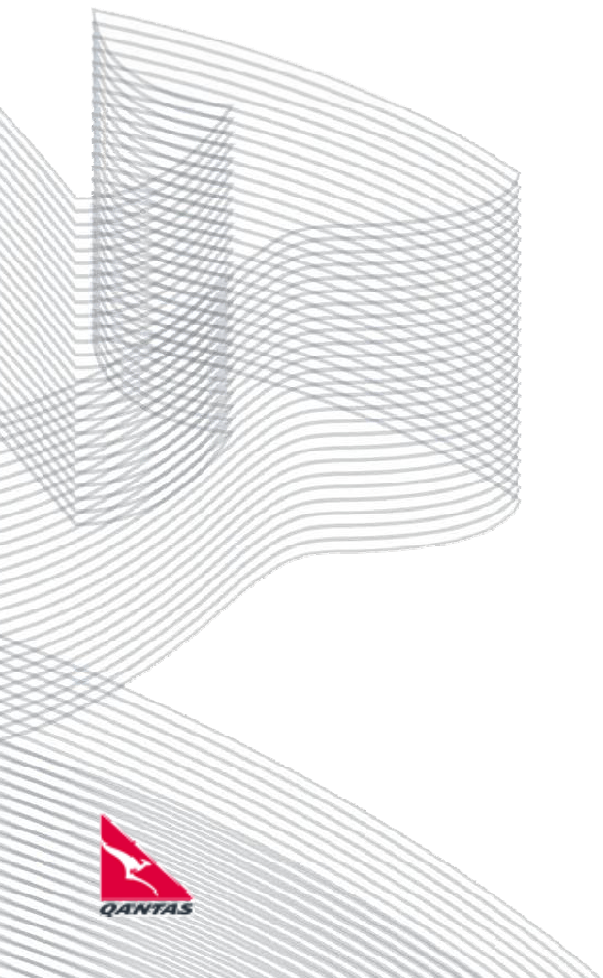
Qantas Frequent Flyer Journey



Key Milestones

1987	Qantas Frequent Flyer was established
September 2007	QFF business segmented from Qantas Group
July 2008	Relaunched QFF including: <ul style="list-style-type: none"> - Fully integrated brand marketing campaign - New QFF store solution established - Launched Qantas Any Seat - Launched Jetstar Any Seat
January 2009	Benchmark points accounting treatment.
March 2009	It's Time to Choose' Direct Earn card campaign run. Raised \$342 million in additional cash for the Qantas Group (\$84 million in profit)
April 2009	Restaurant program launched, now extending to over 300 partners Airline partner network extension
June 2009	Established world leading loyalty alliance with Woolworths Group
August 2009	Launched 'Commercial Points Plus Pay'
September 2009	Launched Interline Any Seat awards which increased Airline redemption partners to 27 airlines across the world
October 2009	Launched partnership with BigW. Dick Smith & BWS Over 1.3 million members joined as a result of the coalition expansion Qantas Frequent Flyer rated No.1 reason to choose Qantas by Choice, vs other airlines No.1 reason value for money Qantas Frequent Flyer rated No.1 reason to choose Qantas by Choice, vs other airlines No.1 reason value for money
November 2009	Merger of Qantas & Jetstar Any Seat into a single product
April 2010	Commercial points plus pay enhanced (lower minimum points levels and reposition product - "use points to discount fares")
May 2010	Market Research Online Community launched (MROC)
June 2010	Channel diversification underway with the launch of the iGoole gadget (Mar 10) and Google Chrome Application 'Commercial Points Plus Pay' enhanced to allow members to use points to discount their bookings - resulted in 26 per cent increase in points redeemed

This page has been left blank intentionally





SUSTAINABILITY

ENVIRONMENT, SOCIAL AND GOVERNANCE (ESG) ANALYSIS

SUSTAINABILITY DEFINED

The Qantas Group has adopted an investor definition of sustainability, which involves embracing opportunities and managing risks to achieve sustainable growth in returns to shareholders. This includes a commitment to managing and reporting on Environment, Social and Governance (ESG) performance.

SUSTAINABILITY REPORTING - APPROACH

Following the new Management team's refinement of the Group's vision and strategy in 2008/09, 2009/10 presented an opportunity to better align the Group's approach to sustainability to business strategy and the drivers of value for the Group. The Group's sustainability strategy is embedded in the Group's business strategy.

The following ESG information and performance statistics are specifically tailored to an investor audience. Sustainability issues, performance and programs are also reported as part of the Qantas Annual Review 2010 with a summary of performance statistics and an independent assurance statement for the statistics presented on pages 107 to 115 of the Qantas Annual Report 2010.

The selection of content and key performance measures reflects the revised approach of embedding sustainability within the Group's strategy and the focus on those indicators which support the goal of sustainable growth in returns to shareholders.

While the Group continues to seek guidance from a range of voluntary sustainability frameworks such as the Global Reporting Initiative G3 Sustainability Reporting Guidelines (www.globalreporting.org), the main focus of the Group's sustainability reporting is to demonstrate to stakeholders that sustainability is integrated with the Group's strategy and operations.

The ESG information and performance statistics presented in the Data Book apply to all wholly-owned operations of the Qantas Group globally and are for the 2009/10 financial year unless otherwise indicated. Definitions for each performance statistic are provided as part of Glossary.

FEEDBACK

Feedback on the sustainability information presented is encouraged. Please contact the Qantas Group at sustainability@qantas.com

RECOGNITION OF SUSTAINABILITY PERFORMANCE

The Group's performance and standards in the area of sustainability are demonstrated through its inclusion since 2009 in the sustainable investment indexes, the Dow Jones Sustainability Index (DJSI) Asia Pacific and the FTSE4Good Global Index and Australia 30 Index.



INDUSTRY CONTEXT

Industry dynamics

The aviation industry is a competitive and complex industry. Like most industries, it is sensitive to external shocks, whether they are financial (such as the Global Financial Crisis (GFC) or volatility in oil prices), natural disasters (such as the Icelandic volcano eruption), health-related shocks (such as the H1N1 Influenza (swine flu)) or the threat of terrorist attacks.

The impact which external shocks have on an airline varies upon the type of shock, geographic location of the airline's operations, the ability of the airline to rapidly respond (such as being able to flex resources like aircraft, routes and people) and the risk management capabilities of the airline.

The GFC had more of an impact on full service or 'premium' carriers given the reduction in demand for premium travel. Low cost carriers (LCCs) were impacted much less during this period as some demand shifted to discounted or low fares travel. The Qantas Group's two flying brands strategy, with a premium carrier and a low fares carrier, provided the Group with a unique strength to shift resources (such as the network) between the two types of carriers to meet changed preferences during this period.

The competitive nature of the airline industry means an ongoing focus on cost minimisation for Qantas. The adoption of advanced technologies such as larger aircraft with longer range capabilities and which are more fuel efficient, is key in this regard. The Group has more than 150 aircraft planned for delivery over the next eight years which will enable the retirement of up to 65 older aircraft with some aircraft types (B767-300 and B737-400) to be progressively phased out. The Group continues to focus on unit cost reduction, achieving a 4 per cent reduction in unit cost performance in 2009/10 (cents per ASK reduced from 5.80 to 5.55). To support long term business sustainability, the QFuture Program, a three year business transformation program, is targeting \$1.5 billion in margin improvements and cost reductions over three years from 1 July 2009. In 2009/10, the Group achieved \$533 million in savings toward this target.

Airlines are exploring different ways of working together including consolidation or strategic alliances to achieve competitive advantage and gaining exposure to new growth markets and spread the risk of external shocks. During the year, Qantas has increased code share alliances with existing and new carriers (for example, China Eastern) while Jetstar and AirAsia formed a new alliance to focus on a range of cost reduction opportunities including jointly procurement.

Volatility in jet fuel prices remain a key exposure for the aviation industry. Fuel hedging strategies

combined with fuel conservation initiatives, remains a key focus in leveraging savings for the Group.

Regulatory environment

The aviation regulatory landscape continues to develop.

At a global level, governments continue to play a significant role in the industry through ownership and support. This is most prevalent in the Middle East, where governments have different priorities than most commercial airlines. Governments will also play a role in the Asian region, including the privatised aviation sectors such as Japan and Korea.

Aviation continues to be a focus of climate change agendas at many jurisdictional levels (e.g. global through the International Civil Aviation Organization (ICAO), the European Union, New Zealand and Australia). The Group supports a global approach to emissions management at a sectoral level to minimise the prospect of competitive distortion. The Group is an active participant through the International Air Transport Association (IATA) in the development of a framework for a global sectoral approach to emissions management.

The Australian Government has signalled an intention to amend the Qantas Sales Act removing the 25 per cent and 35 per cent foreign investment limits by a single entity and airlines in total respectively. This provides parity for Qantas with other Australian international carriers in terms of strategic alliance investment opportunities.

The Australian Government has asked the Productivity Commission to bring forward its 2012 review of airport pricing and regulation to 2010. This presents the Group with an early opportunity to pursue a range of issues in an area which accounts for a significant proportion of costs for the Group.

The joint Australian Federal and New South Wales government study of requirements for aviation capacity in the Sydney basin will be completed in mid 2011. As this study is integral to operations at the Group's key Sydney hub, the Group will engage actively in the consultation process.

A summary of aviation industry risks and opportunities and some examples of how the Group is responding to these is outlined below.

Industry risks and opportunities	Examples of the Qantas Group response	Reference for further information
Strategic		
Competitiveness including capacity, consolidation and alliances – remaining competitive in a highly competitive and volatile industry	<ul style="list-style-type: none"> - Fleet renewal to reduce long term costs and grow revenues - Strong alliance relationships and strategic investments to spread risk and opportunity across markets and provide network depth - Qantas: innovations to drive higher satisfaction and improved customer advocacy; focus on end-to-end customer experience; improvements in product consistency across the fleet including aircraft reconfiguration; brand renewal; pursuit of efficiencies to lower the cost base; Customer Charter established - Jetstar: effective capacity management; strong promotional campaigns; ground breaking strategic alliance relationships (e.g. AirAsia); Customer Charter established 	<p>Page 45 AR Pages 43 - 45 DB Pages 30 – 31 AR Pages 36 – 37 AR</p>
Brand and reputation – enhancing brand strength and customer advocacy	<ul style="list-style-type: none"> - Detailed customer research to drive improvements - Extensive program of sponsorships, planned giving through staff initiatives and the Qantas Foundation - Industry partnerships to promote tourism, business and events 	Pages 63 – 64 AR
Emerging markets – ability to pursue growth opportunities and sustainably manage differences in operations, regulations and culture	<ul style="list-style-type: none"> - Qantas alliance relationships with carriers in emerging markets (e.g. China Eastern) - Jetstar Pan Asian strategy including Jetstar Pacific (based in Vietnam) and Jetstar Asia (based in Singapore) 	<p>Pages 43 – 45 DB Pages 36 – 37 AR</p>
Financial		
Financial resilience – developing resilience to financial cycles and realising value from investment opportunities	<ul style="list-style-type: none"> - Maintain investment grade credit rating to lower cost of capital - Strong cash position to lower risk and provide for unexpected events - Cost management programs to generate efficiencies and long term financial sustainability 	<p>Page 23 DB Page 23 DB Page 22 DB</p>
Economic conditions – adapting business strategy to manage changing economic conditions	<ul style="list-style-type: none"> - Two flying brands strategy to flexibly adjust capacity, pricing and market segmentation as the market moves up or down - QFuture transformation program focusing on cost reduction and margin improvement 	<p>Page 29 AR Page 22 DB</p>
Commodity fluctuations – ability to manage currency and fuel price fluctuations	<ul style="list-style-type: none"> - Proven approach to financial risk management - Hedging, including options, permits participation when oil prices are low and protection when oil prices are high 	Pages 24 – 25 DB
Operational		
Safety – maintaining the highest standards of operational and people safety in the air and on the ground	<ul style="list-style-type: none"> - Commitment to safety as the Group's first priority, underpinned by industry leading policies, processes and training - Establishment of Qantas Management System that covers all aspects of safety, health, environment, security and business resilience performance 	<p>Pages 71 – 72 DB Page 79 DB</p>
Regulatory and legal environment – working with stakeholders and regulators across multiple outcomes	<ul style="list-style-type: none"> - Strong stakeholder relations, with active participation in government and industry consultations and senior representation at industry associations (e.g. IATA) - Comprehensive Group Policy Framework guiding compliance with laws and regulations in the countries in which the Group operates 	<p>Page 72 DB, Page 38 AR Page 78 DB</p>
External shocks – ability to effectively respond to unexpected shocks and events	<ul style="list-style-type: none"> - Purpose built Crisis Management Centre with detailed crisis management plans - Scenario planning supplemented by simulated crisis training exercises 	<p>Page 73 DB Page 23 AR</p>
Technology and innovation – innovative use of technology to improve performance and to gain competitive advantage	<ul style="list-style-type: none"> - Breakthrough product and service innovation such as Next Generation Check-in - Commitment to advanced technology aircraft (e.g. A380, B787) - qantas.com remains Australia's number one travel site 	<p>Pages 54 – 57 AR Page 45 AR Page 38 AR</p>
Environment and climate change – operating in an environmentally sustainable manner and managing carbon risk	<ul style="list-style-type: none"> - Fuel efficiency program, investment in advanced technologies and fuel efficient aircraft, air traffic management leadership - Advocacy on legislative, regulatory and commercial issues - Carbon offset schemes and partnerships with environmental organisations and employees - Proactive approach to carbon readiness in advance of regulatory/legislative requirements 	Pages 65 – 70 DB
Human capital - including leadership and talent development, engagement of staff and managing industrial relations risks	<ul style="list-style-type: none"> - Leadership programs for top 100 and 500 managers - Talent programs including Graduate Program, Emerging Leader Program and the Harvard Leadership Program - Major apprenticeship program for engineers - Qantas Organisational Behaviours to drive cultural change - Systematic approach to union negotiations including improving union relations 	Pages 73 – 74 DB

AR = Annual Review 2010 DB = Qantas Data Book 2010



ENVIRONMENT

Key issues and opportunities

Global aviation’s projected growth over the coming decades and its continued reliance on fossil fuels results in an industry emissions trajectory that is growing during a period where emissions reductions are being mandated across the globe. The Group’s approach to strategically address the risks associated with emissions and climate change include:

- investing in fuel-efficient aircraft under the Group’s fleet renewal program
- improving fuel efficiency and reducing the emissions intensity of its business
- facilitating the development of a sustainable aviation fuel (SAF) industry
- optimising network efficiency by partnering with infrastructure operators and government and creating competitive advantage in a changing regulatory environment
- reducing resource consumption and being an environmentally responsible business

Strategy and management of issues and opportunities

The Group has a comprehensive environment strategy focused on environmental sustainability through operational efficiency, industry advocacy and engagement with key stakeholders.

Fuel and carbon efficiency

Fuel efficiency is a key element of the Group’s environmental strategy. As fuel use accounts for ninety-five per cent of the Group’s greenhouse gas emissions and is also one of the Group’s largest expense, improving fuel efficiency minimises cost and environmental impacts. It also positions the Group better to absorb fluctuations in oil prices and other key inputs.

In 2009, the Group set a challenging fuel and carbon efficiency improvement target of an average of 1.5 per cent per annum improvement through to 2020 (a total improvement of 16.5 per cent, measured on a Revenue Tonne Kilometre (RTK) basis) against a 2008/09 baseline). This is in line with the global industry goal established by IATA. In early 2010, the Group reached a key milestone: avoiding one million tonnes of CO₂-e through its fuel conservation activities since the program’s launch in 2005. Under the QFuture Program, the Group achieved fuel savings of \$41 million in 2009/10.

	Qantas Group’s improvement target by FY20	Qantas Airline’s FY10 progress against baseline of FY09
Improvements in fuel and carbon efficiency (measured on an RTK basis)	16.5%	3.2%

Strategies for fuel efficiency

Fleet renewal will offer the greatest benefits in the long run. Over the next 10 years, the Group is investing US\$22 billion (at list prices) in highly fuel-efficient next generation aircraft, such as the Airbus A380 and Boeing 787 Dreamliner. On regional routes, the Bombardier Q400 burns 35 per cent less fuel than similar-sized jet aircraft.

This investment is being complemented by a range of fuel conservation activities in the air and on the ground including:

- aircraft weight reductions (lighter equipment and optimising the amount of items carried per passenger)
- the implementation of advanced navigational aircraft technology enabling procedures such as Required Navigation Performance (RNP); Automatic

Dependent Surveillance – Broadcast (ADS-B); Dynamic Aircraft Route Planning (DARP), tailored arrivals, Constant Descent Arrivals (CDAs) and Electronic Flight Bag (EFB)

- reducing Auxiliary Power Unit (APU) usage
- flight plan optimisation
- enhanced scheduling decisions
- optimised loading
- improved aerodynamic performance through regular aircraft and engine compressor washes and flight control rigging checks



Fuel efficiency strategies	Anticipated annual energy savings	Actual annual energy savings achieved (FY10)
Investment in new generation fuel efficient aircraft	997,602 tonnes of aviation fuel (at FY20)	
Reduction in Auxiliary Power Unit (APU) fuel use		2,126 tonnes of aviation fuel
Aircraft weight reductions		6,379 tonnes of aviation fuel
Flight planning optimisation		4,460 tonnes of aviation fuel

Sustainable aviation fuel (SAF)

Over the medium term, it is imperative for aviation to secure a sustainable alternative to traditional jet fuel. The Group is committed to facilitating the development of a renewable alternative jet fuel industry in Australia.

During 2009/10, the Group joined with a handful of airlines and other aviation industry participants from around the world as part of the Sustainable Aviation Fuel Users Group (SAFUG) to develop cleaner jet fuels. The Group led the launch of a world-first 'roadmap' study in conjunction with the Australian and New Zealand group of SAFUG to identify barriers and ways

of removing them on the way to a sustainable aviation fuel industry.

The Group has completed a review of the sustainable aviation fuel market globally and has identified technologies and organisations with whom a closer collaboration may be warranted. The Group has significant scale and aims to use that scale to motivate the development of a SAF supply chain. Government will be critical as activity levels increase.

Environmental improvement program

Reducing resource consumption

Target area	Improvement by FY11 (%)	Progress against baseline of FY07 (%)
Reduce electricity consumption	10	4.6
Reduce water consumption	25	17.7
Reduce waste to landfill	25	10.9

During 2009/10, the Group agreed to commission the installation of the country's largest commercial tri-generation (cooling, heating and electricity) energy facility to serve the Group's facilities in Sydney. Tri-generation delivers up to 80 per cent efficiency as opposed to 35 per cent for coal-powered energy. The facility is expected to be completed during 2011/12 and provide energy savings of 12,300 MWh per annum, which are equivalent of 50 per cent of the Group's 10 per cent electricity reduction target.

The Group has progressed well against its 2011 water reduction target although identifying further efficiencies in addition to those already achieved is a challenge. Examples of initiatives that have contributed to water efficiency improvements include:

- installation of water metres to monitor usage
- continual review of operating procedures
- continued use of water efficient dishwashers in some Catering facilities
- improvement of cooling tower efficiency
- ongoing improvement of water use in airport terminal restrooms.

The Group launched Australia's first domestic in-flight recycling program in 2009/10. However, major challenges exist in waste reduction including:

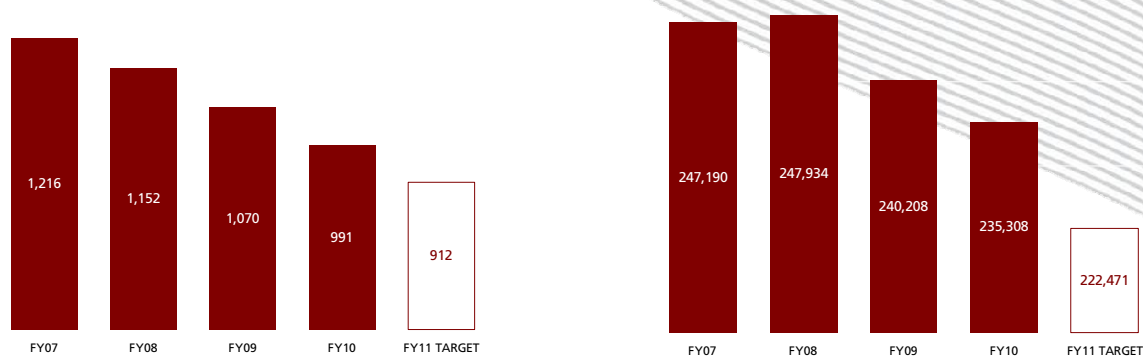
- minimising an increase in waste resulting from the increase in passengers over the past few years
- the Group's limited ability to take immediate actions on international quarantine waste due to quarantine regulations
- identifying cost effective options to reduce waste

The Group is planning to install more recycling facilities in the domestic terminals in 2010/11. It is also working closely with waste management contractors to identify other improvement opportunities.



Water Consumption (Australia) Million Litres

Electricity Consumption MWh



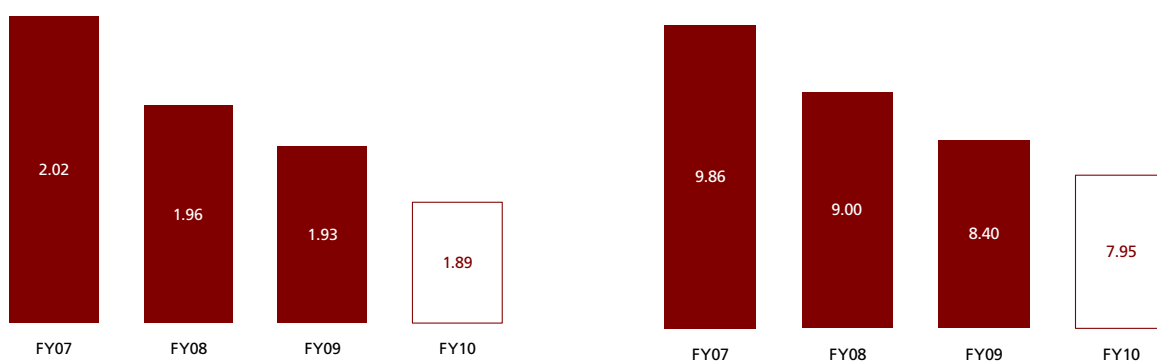
Resource efficiency

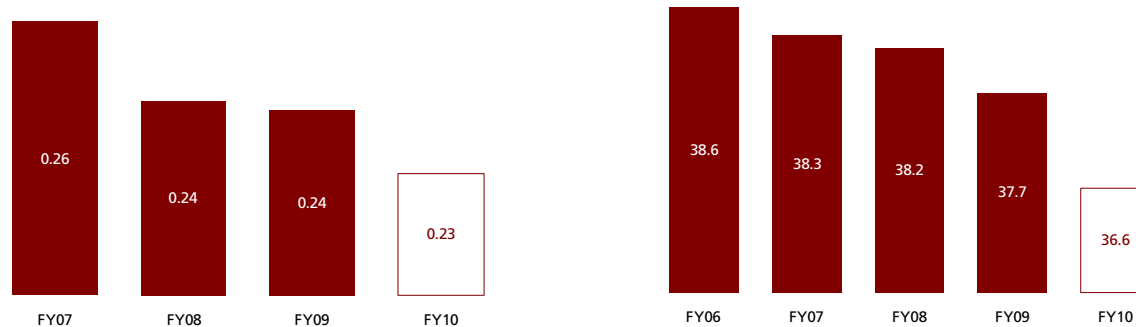
The level of the Group's operational activities also impacts the Group's ability to achieve absolute reductions in resource consumption. An airline's operational capacity is measured in Available Seat Kilometres (ASKs). The Group has improved its resource efficiency over the past few years on a per ASK basis, despite an overall increase in operational capacity. For example, aviation fuel consumption increased by 0.2 per cent from 2005/06 to 2009/10, while ASKs increased by 5.6 per cent during the same period. The consumption of electricity, water and waste decreased by 4.6 per cent, 17.7 per cent and 10.9 per cent respectively since 2006/07, while ASKs increased by 2.1 per cent over the same period.

Per ASK	Unit	2010	2009	2008	2007	2006
Aviation fuel	000L per ASK	36.6	37.7	38.2	38.3	38.6
Electricity (Australia)	MWh per ASK	1.89	1.93	1.96	2.02	NA
Water (Australia)	000L per ASK	7.95	8.40	9.00	9.86	NA
Waste (Australia)	Tonnes per ASK	0.23	0.24	0.24	0.26	NA

Electricity (Australia) MWh per ASK

Water (Australia) 000 Litres per ASK





Stakeholder engagement

begreen, the Group's internal environment program continues to engage its internal and external stakeholders. Internally, engaging employees in environmental initiatives empowers them to contribute towards the Group's environmental improvements and **begreen** targets while promoting a corporate culture of environmental innovation. Achievements of the last 12 months include:

- continued growth in the Green Team, a Group-wide volunteer network of 'green' champions across the business, to almost 1,000 members including front-line workers, executive management and CEO Alan Joyce
- a successful launch of the ZooX Ambassador Program, a cooperative project with the Great Barrier Reef Foundation to send five Qantas employees on a sustainability-themed educational fieldtrip to the Reef. In 2009/10, this inaugural group of employee Ambassadors implemented environmental projects in the workplace following the fieldtrip
- continued reward and recognition of employees through the Environment eXcel program
- Group-wide participation in **begreen** Day, the Group's annual environment celebration timed to align with World Environment Day

These efforts complement the Group's external community engagement activities. The strength of the relationships with communities is an important element of the evaluation of the Group's sustainability performance. Over the last 12 months, the Group:

- continued to support, through the Qantas Foundation, key environmental initiatives of Clean Up Australia, Flora & Fauna International, Great Barrier Reef Foundation, Centre for Sustainability Leadership and Landcare Australia, using the funding pool of \$2 million that was reserved for environment-related initiatives upon establishment of the Qantas Foundation in April 2008
- announced corporate support for 'Seals for the Reef', a joint climate change and species research project of the Great Barrier Reef Foundation, the CSIRO and the University of Tasmania's Institute of Marine and Antarctic Studies, and launched an

educational 'Seals for the Reef' website which encourages school children and educators to be involved

- provided ongoing support to the sustainable tourism industry in Australia through the Qantas Award for Excellence in Sustainable Tourism

Carbon readiness

Carbon compliance regimes are in place or planned in a number of key markets where the Group operates. The Group established a Group-wide 'Carbon Readiness Program' sponsored jointly by the Chief Risk Officer and the Chief Financial Officer in 2007. The carbon readiness program is designed to provide both effective carbon price risk management and the lowest cost of compliance.

The Group continues to meet all carbon related compliance obligations including:

- In October 2009, the Group submitted its first mandatory 'Carbon Footprint' Report under the Australian Government's National Greenhouse and Energy Reporting (NGER) Act. The Group reported 4.2 million tonnes of CO₂-e emissions for activities and entities under its 'operational control'.
- In November 2009, the Group submitted a Monitoring, Reporting and Verification (MRV) Plan to the United Kingdom Responsible Authority (RA) which will underpin the European Union Emissions Trading Scheme. This regime captures the aviation industry as of January 2012. The Group is currently monitoring all Revenue Tonne Kilometres (RTKs)

and Annual Emission (AE) data in accordance with the approved MRV Plan. The RTK and AE data will undergo independent verification prior to being submitted to the RA by March 2011. Submission of RTK data will make the Group eligible to receive up to a maximum of 85 per cent free emission allowances for the commencement of the scheme in 2012 (based on emissions in 2010) and up to a maximum of 83 per cent free annual emission allowances for the period 2013 - 2020 (based on emissions in 2010).

- The New Zealand Emissions Trading Scheme commenced on 1 July 2010 and impacts Jetstar's domestic New Zealand operations. The Group has not opted in to account for New Zealand carbon emission liabilities in its balance sheet, but has the flexibility to opt in at any stage, contingent upon global carbon market developments.

Although regulatory uncertainty continues and the Australian Government has delayed the commencement of the Carbon Pollution Reduction Scheme (CPRS) until 2013, the Group continues to prudently embed carbon into reporting systems and long term business planning.

Carbon offsetting

Qantas' and Jetstar's voluntary carbon offset programs continue to be successful:

- passengers offset 240,000 tonnes of carbon during 2009/10
- between 7.5 per cent and 9.0 per cent of customers booking through the Qantas and Jetstar websites choose to offset
- 66,436 tonnes of carbon for employees travelling for business purposes and ground vehicle use were offset in 2009/10
- more than 772,000 tonnes of carbon have been offset since 2007

With the Australian Government's Greenhouse Friendly™ scheme coming to an end in June 2010, the Group has moved to comply fully with the

replacement scheme, the National Carbon Offset Standard (NCOS). As part of the transition to the new standard, the Group is in the final stages of selecting a new greenhouse abatement supplier. The supplier selected will provide Eligible Offset Units as defined in the new National Carbon Offset Standard.

Noise management

The Group continues to take proactive steps towards minimising its operational noise impact on communities near airports. Noise is mitigated through:

- purchasing quieter aircraft, all of which meet the stringent aircraft noise standards set by the ICAO
- operating aircraft in accordance with relevant procedures such as Noise Abatement Departure Procedures and by adopting techniques such as using a Constant Descent Arrival (CDA) and RNP procedures to avoid noise sensitive areas
- ongoing consultation and engagement with communities around airports by participating in airport consultative committees which bring together Airservices Australia, airport lessees and local communities

Trade-offs

Managing environmental impacts (and other sustainability target areas) is a balancing act. Actions to mitigate one consequently may adversely affect another. For example, the Group is washing more aircraft to reduce drag to improve fuel efficiency. While fuel consumption is reduced, water consumption is increased. Another example is that the most fuel efficient flight path may reduce greenhouse gas emissions but may increase the number of people exposed to aircraft noise. In some cases, the Group has been required to operate a fully noise compliant but less fuel efficient flight path in response to local community concerns. These types of trade-offs between different impact areas create additional complexity in both setting environmental improvement targets and in identifying improvement initiatives.

Key environment statistics

	Notes	Unit	2010	2009	2008	2007	2006	GRI indicator ¹
Available Seat Kilometres (ASKs)		Million	124,717	124,594	127,019	122,119	118,070	-
Aviation fuel	2	Litre ('000)	4,570,556	4,695,383	4,849,430	4,680,270	4,561,238	EN3
CO _{2-e} aviation	3	Tonnes	11,708,155	12,027,918	12,422,533	-	-	EN16
CO _{2-e} Scope 1 emissions – Australia	3, 4	Tonnes	-	4,007,170	-	-	-	EN16
CO _{2-e} Scope 1 emissions – rest of world	3	Tonnes	-	8,040,325	-	-	-	EN16
CO _{2-e} per 100 RTKs (Group)	3	Kilograms	98.8	-	-	-	-	EN5
Fuel per 100 RTKs (Group)		Litres	38.6	-	-	-	-	EN5
Fuel per 100 RTKs (Qantas)		Litres	38.8	40.1	38.7	38.4	39.5	EN5
Electricity (Australia)		MWh	235,303	239,987	248,386	246,730	-	EN3
Water (Australia)		Litre ('000)	991,022	1,046,241	1,143,801	1,204,132	-	EN8
Waste to landfill (Australia)		Tonnes	28,243	29,928	30,767	31,686	-	EN22

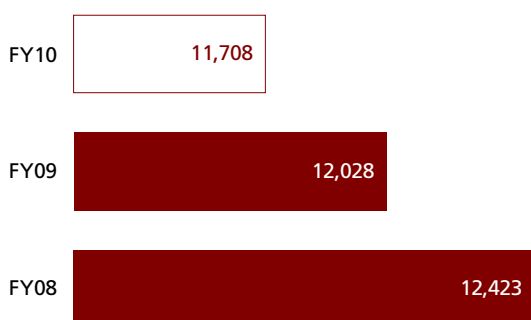
1. For information on GRI indicators, refer to GRI G3 Reporting Framework for Sustainability Reporting, www.globalreporting.org

2. This does not include aviation fuel consumption by Jetstar Asia.

3. Emission factors are from the National Greenhouse Accounts (NGA) Factors (July 2010) published by the Australian Government's Department of Climate Change.

4. As reported for the Qantas Group under the National Greenhouse and Energy Reporting (NGER) 2007 Act for the 2008/09 year. The 2009/10 Qantas Group NGER report is in progress and is not due until 31 October 2010.

Aviation CO_{2-e} Emissions Tonnes ('000)



For further information on the Qantas Group's response to climate change, refer to the 2010 Carbon Disclosure Projects (CDP) Investor Information Request, available from www.qantas.com.au/sustainability

SOCIAL

Key issues and opportunities

The key social related issues and opportunities facing the Group include:

- the safety and the health and wellbeing of customers and employees
- ensuring secure operations and a highly responsive business resilience capability
- building a strong culture of engagement across the Group's diverse workforce, developing leadership capability at all levels of the Group and managing the risks associated with a shortage of talent and an aging workforce
- achieving excellence in customer care to strengthen market share and to compete effectively
- supporting Australia's economic development, tourism and communities (including regional and Indigenous Australia), to enhance the Group's brand and reputation as a good corporate citizen

Strategy and management of issues and opportunities

The Group has developed comprehensive Safety, Health and Wellbeing People and Customer strategies to address these issues and opportunities.

SAFETY, HEALTH AND WELLBEING

Safety is the Group's first priority. This includes an unwavering commitment to world's best safety practice and reporting.

Aviation safety

Qantas is internationally respected and accredited for its dedication to safe flying operations. Qantas carries the IATA Operational Safety Audit Certification and is subject to rigorous biennial reviews to secure its renewal. This was most recently completed during 2009/10.

Qantas invests \$1.4 billion annually in engineering and maintenance to uphold the highest standards of operational safety and performance. The Group responds conservatively to any mechanical or performance issue, and always put safety before schedule. The Group meets, and in many cases exceeds, all its obligations to regulators, including the Civil Aviation Safety Authority (CASA) and the many other international authorities with which the Group holds approvals. As with IATA, these regulators audit the Group comprehensively and frequently.

Safety management

In 2009/10 the Qantas Management System (QMS) standard was established covering all aspects of safety, health, environmental, security and business resilience performance. The QMS provides the structure required to achieve ongoing improvements in safety and health performance and a consistent approach to management and legislative compliance. It is acknowledged as a best-practice model in the airline industry.

Across the Group, air, ground and people safety practices are governed by mandatory policies that apply to all employees. Managers and employees are expected to *demonstrate and drive a genuine commitment to safety* through their personal actions and by effective management of risk. Safety and health performance is continually measured against key metrics.

Inflight health

Customer health and wellbeing is an important safety consideration of the Group, and this will only increase in focus with an aging population. The Group's crew are trained to provide medical assistance and have access to medical specialist advice when needed.

The Group proactively researches and reviews environmental conditions onboard for passenger comfort. As a reflection of the increasing importance of health and wellbeing to the Group's customers and people, the Board sub-committee has changed its name to the Safety, Health, Environment and Security Committee.

Occupational Health and Safety (OHS)

The Group has a zero injury goal. The Group's OHS program is focused on providing effective injury prevention and management systems, a healthy and safe work environment and a strong safety culture.

Business units have tailored the OHS management system according to their risk profiles and operational needs. Qantas has a health surveillance program which continuously monitors workplace conditions and emerging risks. This program includes environmental

monitoring and proactive health assessments for relevant employee groups.

Performance

The Group has experienced significant improvements in health and safety with an 86 per cent reduction in the Lost Time Injury Frequency Rate (LTIFR) since 2001/02. However the Group recognises that performance has plateaued and that a step change is required. Over the last 12 months the Group has concentrated on building a strategy to drive this step

change focusing on continuous improvement of its management systems, targeted risk initiatives specifically around muscular skeletal hazards, safety culture and health and wellbeing programs.

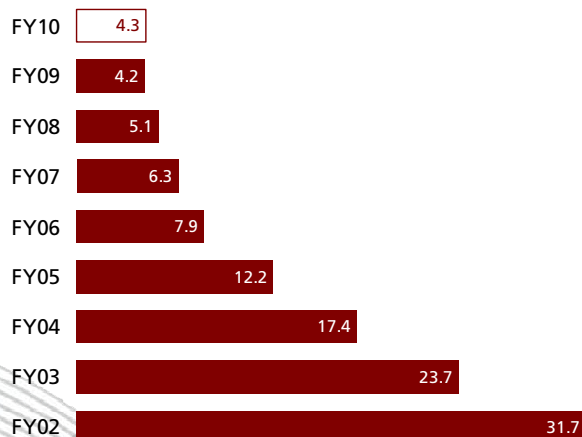
Commencing in 2010/11, the Group will transition to a Total Recordable Injury Frequency Rate and Lost Work Case Frequency Rate as part of the Qantas Group's continued commitment to more meaningful measurement of injury prevention performance. This transition aims to improve the prevention of Qantas Group workplace incidents.

Key health and safety statistics

	Units	2010	2009	2008	2007	2006	GRI indicator ¹
Aviation fatalities	#	0	0	0	0	0	
OHS LTIFR (Australia and New Zealand)	Rate	4.3	4.2	5.1	6.3	7.9	LA7
OHS SIFR (Australia and New Zealand)	Rate	14.2	13.5	12.8	12.3	-	LA7
Occupational health and safety fatalities							
- Permanent employees	#	0	0	1	0	0	LA7
- Contractors	#	0	0	0	0	1	LA7
Absenteeism (Group)	Rate	9.2	-	-	-	-	LA7
Absenteeism (Qantas)	Rate	9.8	-	-	-	-	LA7

1. For information on GRI indicators, refer to GRI G3 Reporting Framework for Sustainability Reporting, www.globalreporting.org

OHS LTIFR (Australia and New Zealand)



SECURITY

The Group uses a risk based approach and closely monitors potential threats to ensure continued but secure operations. Political issues within countries in which the Group operates have the potential to impact operations, such as the civil unrest in Bangkok in early 2010. The Group was able to maintain its operations but these were supported by heightened threat monitoring and assessment processes, security coordination on the ground and delivery of sophisticated contingency management plans.

The Group works closely with Australian Government agencies in Australia and overseas to assess and respond decisively to security issues when they arise, to have in place robust response contingency plans and to ensure that policy and regulatory changes are implemented effectively. Qantas is a member and former chair of the IATA Security Executive Group and participates in a number of peak industry forums.

As the business expands, Qantas Group security experts continue to provide detailed analysis of new ports and business ventures to ensure that risks are



identified and mitigated to ensure high standards of security are maintained. Qantas special events, such as the Australian Grand Prix and Qantas Socceroos events in Australia and at the FIFA World Cup, are protected by carefully planned security operations.

There is also an important security element behind new customer-focused initiatives such as Next Generation Check-in. Professional security advice, consultation with government bodies and a combination of process engineering and new technology are vital in ensuring that the integrity of passenger facilitation processes is in step with innovations in technology.

Business resilience

The Qantas Business Resilience Framework which forms part of the broader QMS, manages risks associated with terrorism, pandemics and other unpredictable events, such as the eruption of the Eyjafjallajökull volcano in Iceland on 15 April 2010.

PEOPLE

Strategy

Central to the Group's People Strategic Plan is the need to be able to quickly respond to changes in the operating environment. The People Plan has been developed to satisfy three key objectives:

- to develop the leadership capability and capacity to successfully lead the Group
- to create an environment and culture which engages employees and enables lasting change to be implemented
- to provide succession renewal

Key areas of focus

Engagement

Increasing employee engagement across the Group remains a key focus. A key initiative has been to bring together regularly 100 of the most senior leaders from across the Group to ensure alignment of strategy and purpose. Over the past 12 months this approach has been broadened with the staging of similar forums involving 500 influential leaders from across the Group.

Managing performance and talent

The Group has revised its approach to managing performance to focus on constructive leadership behaviours. This has been facilitated by investment in the development of leadership, feedback and coaching skills for all managers. This includes the launch of a "Leadership Navigator" toolkit and a 'learning pathway' for management that begins with a

The framework has evolved over time into one that fuses risk, threat, business continuity and crisis management. The framework consists of four key processes: anticipating the threat or risk; understanding vulnerabilities; preparation and response.

Qantas has designed risk processes so that resilience options are recognised mitigations within the wider risk management framework. This means resilience options feature in all types of risk activities such as those associated with projects, technology initiatives, markets and finance, commercial, regulatory interface and industrial relations.

The Group maintains a crisis management capability to reduce the impact of these events and allows the business to quickly come together at a central point, the purpose built Crisis Management Centre (completed in 2009/10), to manage strategic and operational issues and to co-ordinate diverse stakeholders.

Certificate III in Business and continues with a Certificate IV in Frontline Management. The aim is to give all leaders, managers and frontline supervisors a common approach to managing people across the Group

The Group has also strengthened its talent management processes to ensure they effectively support the business in the areas of workforce and succession planning.

Diversity

Women

Increasing representation of females in manager roles, including senior management roles, continues to be a focus for the Group. Key metrics for 2009/10 relating to women include:

- women comprise 41.7 per cent of the workforce (up from 40.4 per cent in 2005)
- 22.6 per cent of senior roles are occupied by women
- the retention rate for women returning from maternity leave was 97 per cent and 100 per cent for pilots
- women represented 75 per cent of the total 2010 Graduate intake (compared to 43 per cent in 2009)

For details on initiatives and programs to increase the representation of women, refer to the 2009/10 Qantas Report for the Equal Opportunity for Women Agency (EOWA) available from www.qantas.com.au/sustainability.



Indigenous Australians

A key focus in recent years has been to increase the number of Indigenous Australians in the Group's workforce and in 2009/10 the Group met a key milestone of 300 Indigenous employees.

Health

With an aging workforce, and intense competition for talent, the Group recognises how important it is to provide safe, healthy workplaces and to encourage healthy living. This is reflected in the revised name of the Safety, Health, Environment and Security Committee of the Board.

Flexible working arrangements

The Group is committed to providing employees with flexible workplace arrangements including part-time work opportunities. The Group also provides a range of benefits and wellbeing initiatives (outlined on page 42 of the Annual Review). Workplace flexibility is an important driver of staff engagement and retention. The percentage of Group employees who work part-time has increased from 12.4 per cent in 2005/06 to 13.1 per cent in 2009/10.

Industrial relations - agreements and negotiations

The Group seeks to deliver a fair and sustainable outcome for its employees and company, to position itself well for future challenges and to avoid compromising the long-term sustainability of the organisation.

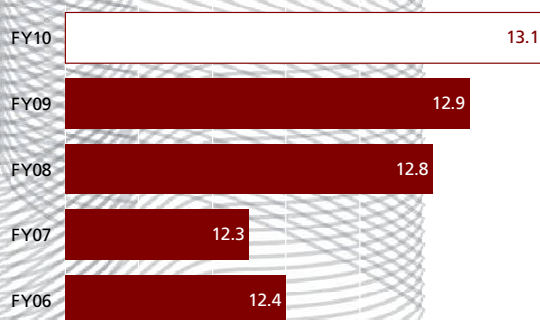
Key people statistics

	Units	2010	2009	2008	2007	2006	GRI indicator ¹
Number of full-time equivalent employees	#	32,490	33,030	34,295	33,102	34,025	LA1
% Women	%	41.7	41.7	42.2	41.8	41.3	LA13
% Women in senior positions	%	22.6	22.3	22.7	22.5	22.6	LA13
% Women Directors on the Qantas Board	%	20.0	18.2	18.2	18.2	18.2	LA13
Number of women Directors on the Qantas Board	#	2	2	2	2	2	LA13
Number of Indigenous employees	#	304	269	203	141	136	LA13
% who work part-time	%	13.1	12.9	12.8	12.3	12.4	LA13
Permanent employees by age group							LA13
16-24 Years	%	4.5	5.3	5.6	4.2	4.1	
25-34 Years	%	20.6	21.3	22.4	23.2	24.9	
35-44 Years	%	32.3	33.0	33.6	34.8	34.6	
45-54 Years	%	29.9	28.7	27.7	27.2	26.0	
55-64 Years	%	12.0	11.2	10.3	10.3	9.9	
65 Years +	%	0.7	0.6	0.4	0.4	0.4	
Investment in training ²	\$Million	151.7	206.4	187.6	122.0	137.9	

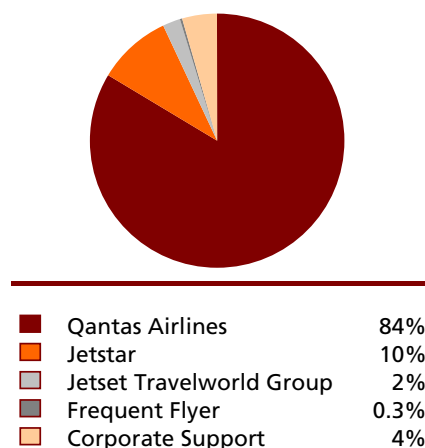
1. For information on GRI indicators, refer to GRI G3 Reporting Framework for Sustainability Reporting, www.globalreporting.org

2. Training associated with the introduction of the new Airbus A380 fleet and A330 fleet in 2008/09 represents the majority of the difference between 2008/09 and 2009/10.

% Who Work Part-Time



Full Time Equivalent Employees By Segment



CUSTOMER

Customer care

The Group continues to focus on delivering the highest levels of customer service. A recent focus has been to extend this to excellence in customer care. The Group is making significant investment into understanding changing customer preferences and to deliver beyond expectations. This investment includes increasing the Group's data analytics capability to better understand customer segments and their behaviours. This supplements extensive customer market research. In 2009/10, more than 118,000 customers were contacted to undertake market research on a variety of subjects from customer satisfaction to product and service development. There were more than 90 studies across Australian and overseas markets involving both qualitative and quantitative research techniques. Research surveys were conducted using a variety of methods including inflight self-completion surveys, telephone and online surveys as well as focus groups.

Customer strategy

The Group's long term customer strategy involves:

- greater input by front-line staff in following up the complaints or compliments of customers
- harnessing the power of the Qantas Frequent Flyer program to build enduring and valued relationships

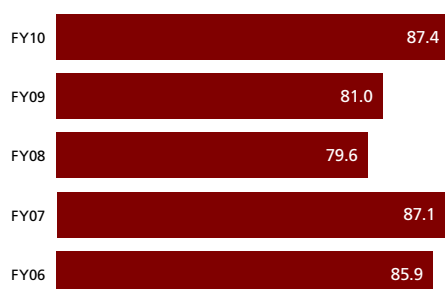
- strengthening the morale, engagement and skills of Qantas people to deliver exceptional customer service
- investing in technological breakthrough initiatives, such as Next Generation Check-in that will deliver the biggest returns in terms of customer satisfaction and advocacy

To measure the success of the strategy, the Group has evolved its traditional customer satisfaction metrics to include a focus on the Net Promoter Score (NPS). NPS measures how successfully the Group is converting satisfied customers into active promoters of Qantas, which will strengthen the Group's share of their business as well as attract and keep new customers. Market research provides evidence that service is the biggest driver of this type of advocacy.

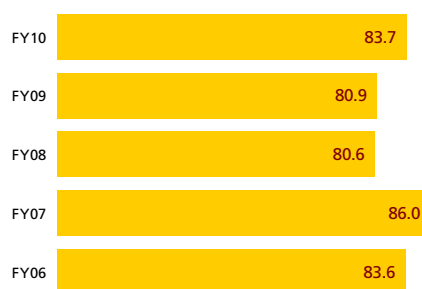
On-time performance

On-time performance is one of the Group's most important operational measures and has a significant impact on efficiency, cost and customer satisfaction. This performance is especially important for Qantas Airlines and QantasLink, whose services are targeted for premium business customers. In 2009/10 Qantas Airlines outperformed all other domestic carriers for the year for domestic on-time arrivals and on-time departures. QantasLink also achieved significant improvement in on-time performance.

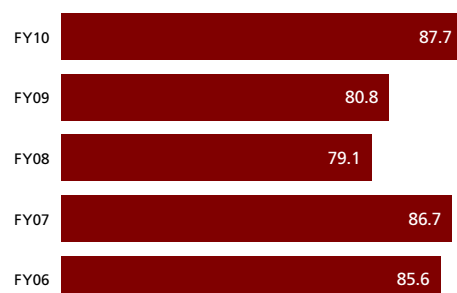
Qantas Domestic On-Time Arrivals %



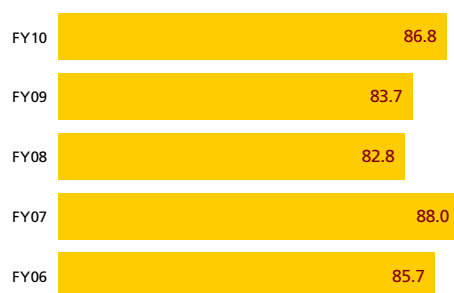
QantasLink Domestic On-Time Arrivals %



Qantas Domestic On-Time Departures %



QantasLink Domestic On-Time Departures %



The industrial dispute with the Licensed Aircraft Maintenance Engineers that occurred from May 2008 to July 2008 negatively impacted on-time performance in both 2007/08 and 2008/09. However, the Group's performance has significantly improved during 2009/10 reflecting the Group's focus on operational efficiency.

Mishandled bags

In aviation, mishandled bags can be a major source of inconvenience and negatively impact the customer experience. Most delayed baggage is located and returned to the customer within 48 hours. Over the last few years, Qantas has improved its performance in this area with the mishandled bag rate per 1,000 passengers falling from 8.31 in 2007/08 to 7.39 in 2009/10.

Key customer statistics

	Units	2010	2009	2008	2007	2006	GRI indicator ¹
Domestic on-time arrivals							PR5
Qantas Group	%	85.2	80.4	79.4	86.2	84.9	
Qantas	%	87.4	81.0	79.6	87.1	85.9	
QantasLink	%	83.7	80.9	80.6	86.0	83.6	
Jetstar	%	82.9	78.2	76.5	84.5	84.9	
Domestic on-time departures							PR5
Qantas Group	%	86.2	81.1	79.7	86.4	85.6	
Qantas	%	87.7	80.8	79.1	86.7	85.6	
QantasLink	%	86.8	83.7	82.8	88.0	85.7	
Jetstar	%	82.1	76.8	78.4	85.9	85.7	
Domestic cancellations							PR5
Qantas Group	%	0.8	1.7	1.8	0.8	NA	
Qantas	%	0.8	2.6	2.3	1.0	NA	
QantasLink	%	0.7	1.1	1.2	0.6	NA	
Jetstar	%	1.1	0.9	0.9	0.5	NA	
Mishandled bags per 1,000 passengers (Qantas and QantasLink)	#	7.39	7.50	8.31	-	NA	PR5

1. For information on GRI indicators, refer to GRI G3 Reporting Framework for Sustainability Reporting, www.globalreporting.org

ECONOMIC CONTRIBUTION AND REGIONAL DEVELOPMENT

Economic contribution to Australia

The Group makes a direct contribution to national export revenue and to domestic and regional tourism. In 2009/10, the Group made a direct contribution to national export revenue of approximately \$5.4 billion, and to domestic and regional tourism of approximately \$19 billion. The Group's contribution to national export revenue was 7 per cent lower than the prior year, representing a decline in the number of international visitors brought to Australia by the Group. The decline was mainly due to the GFC and disruptions caused by the Icelandic volcano eruption. The Group's contribution to domestic traveller

expenditure was 2 per cent higher than the prior year. This represents a modest increase in both the number of domestic passengers carried by Qantas Group carriers and in the average expenditure per overnight visitor.

The Group also makes a large indirect contribution to the national economy. Access Economics found that for each \$1 million in revenue earned by Qantas, \$2.1 million was generated in Australian output. On this basis, in 2009/10, the Group contributed approximately \$28.9 billion to the economy's output.

	Units	2010	2009	2008	GRI indicator ¹
Tourism spending by Group passengers					
National export revenue	\$M	5,406	5,828	5,976	EC1
Domestic traveller expenditure	\$M	18,917	18,622	17,256	EC1
Indirect contribution to the national economy					
Economic output	\$M	28,921	30,559	32,817	EC9

1. For information on GRI indicators, refer to GRI G3 Reporting Framework for Sustainability Reporting, www.globalreporting.org

Regional Australia

Supporting the economic development of tourism and communities in regional Australia through its dedicated regional business, QantasLink, continues to be an important priority of the Group.

In addition to growing services, investing in new aircraft and job creation, QantasLink promotes tourism in regional areas and supports charitable initiatives, including the Queensland Outback Tourism Awards and the National Breast Cancer Foundation.

Qantas in Regional Australia: Five Examples

	Tamworth	Mildura	Emerald	Devonport	Gladstone
Size of local population	42,000	57,000	15,000	25,000	49,000
Market type	Leisure tourism and business	Leisure tourism and business	Resources	Leisure Tourism and business	Resources
Local employment	75 direct ¹ , 5+ ground-handling employees	28	10 ground-handling employees	10 ground-handling employees	12 ground-handling employees
Passengers carried in FY10	120,000	100,000	124,000	116,000	178,000
Combined annual passenger growth rate 2006-2009 (%)	9.3	3.4	14.3	8.6	7.0
Total direct spend in FY10 ²	\$2.7 million	\$1.2 million	\$2.5 million	\$1.9 million	\$4.2 million

1. Tamworth is QantasLink's heavy maintenance base for all turbo aircraft (42 aircraft)

2. Includes local accommodation, catering, ground handling and payments for aviation charges, rates and fees to relevant Local Councils

The Qantas Foundation – sharing the spirit

The Qantas Foundation draws on the Group's people and resources and is dedicated to supporting efforts to build a sustainable future for Australia and to helping communities at times of urgent need. The Foundation was launched in April 2008 with an initial donation of \$5.4m from the Qantas Group. Since its establishment, the Qantas Foundation has donated over \$2 million to support important charitable causes in partnership with leading philanthropic organisations. The Foundation's support extends beyond financial assistance, to the time and expertise of our dedicated Qantas staff.

In its second year, the Qantas Foundation has continued to deliver positive outcomes for the communities and the environment in which the Group's customers and staff live and work, by providing support in the areas of:

- Health
- Community and Education
- The Environment
- Arts
- Humanitarian relief

In 2009/10, and in addition to environmental initiatives previously noted, the Qantas Foundation:

- donated a total of \$50,000 to The Fred Hollows Foundation
- extended its membership with the Australian Business and Community Network

- donated \$100,000 in airfares to the Royal Flying Doctor Service
- formed a partnership with Mission Australia and its social enterprise restaurant, Charcoal Lane with a donation of \$57,000
- donated \$112,000 as part of the third annual Qantas Foundation Art Award
- together with the Football Federation Australia (FFA) and the Australian Rugby Union (ARU), donated \$50,000 to UNICEF to support relief efforts following the natural disasters in Samoa, Tonga and Indonesia in late 2009

Change for Good Partnership with UNICEF

In 19 years, the Change for Good partnership with UNICEF has raised more than \$22 million for children in over 150 developing countries. Passengers donated more than \$1.8 million in 2009/10.

Qantas and Indigenous Australia

The Qantas Reconciliation Action Plan (RAP) aims to build relationships between Aboriginal and Torres Strait Islander (Indigenous Australian) and non-Indigenous Australians. Reconciliation Australia, with whom Qantas developed its initial RAP, requires Qantas to report annually on implementation of its RAP. The latest report is available at www.qantas.com.au/reconciliation.

The Group is proud to have been recognised as a corporate leader in reconciliation, being named Best Established Business in the Queensland Government's 2009 Reconciliation Awards for Business.

GOVERNANCE

Key issues and opportunities

The key governance related issues and opportunities facing the Group include:

- maintaining a sound corporate governance framework
- continually improving the Qantas Group Risk Management Framework (Framework) whilst maintaining compliance with ASX Principle 7: Recognise and Manage Risk

Corporate Governance

Corporate Governance is core to ensuring the creation, protection and enhancement of shareholder value. The Qantas Board of Directors (Board) is responsible for ensuring that the Group has an appropriate corporate governance structure and that robust accountability and control systems are in place to maintain its integrity. To achieve this objective, the Board has endorsed the Australian Securities Exchange (ASX) Corporate Governance Council's Corporate Governance Principles and Recommendations, 2nd Edition (ASX Principles).

The Qantas Board

The Board is principally responsible for setting and reviewing the strategic direction of the Group and monitoring the implementation of that strategy by Executive Management. The Board comprises a majority of independent Non-Executive Directors who, together with the Managing Director, have extensive commercial experience and bring independence, accountability and judgement to the Board's deliberations to ensure maximum benefit to stakeholders including shareholders, customers, suppliers, employees, government regulators and members of the community where the Group operates.

Further information on the Qantas Corporate Governance framework, including a copy of the Qantas Constitution, Committee Charters and the Business Practices Document, is available at qantas.com.au

Board Committees

The Board is assisted in fulfilling its governance responsibilities and duties by an Audit Committee, Remuneration Committee, Nominations Committee and Safety, Health, Environment and Security Committee (SHESC).

The Audit Committee is responsible for assisting the Board in regard to the integrity of financial information, enterprise-wide risk management, compliance with legal and regulatory obligations, the effectiveness of the Group's internal control framework and oversight of the independence of the internal and external auditors.

The Remuneration Committee assists the Board in regard to the remuneration framework for Non-Executive Directors, remuneration and incentive framework for the CEO, Executive Committee members, and Senior Executives and strategic human resource policies.

The SHESC is responsible for assisting the Board in regard to safety, health, environment and security matters as well as enterprise-wide risk management and compliance with legal and regulatory obligations.

The Nominations Committee is responsible for assisting the Board in regards to Board appointments, re-elections and performance, Directors' induction program and continuing development.

Qantas Board oversight of sustainability including ESG performance is provided by the SHESC and the Audit Committee and is governed by the Qantas Corporate Governance framework.

The Qantas Group Policy Framework

In 2009/10, Qantas Group Policy Framework was re-launched and the Board endorsed a summary of the key values and business practices of the Qantas Group in the Qantas Group Business Practices Document.

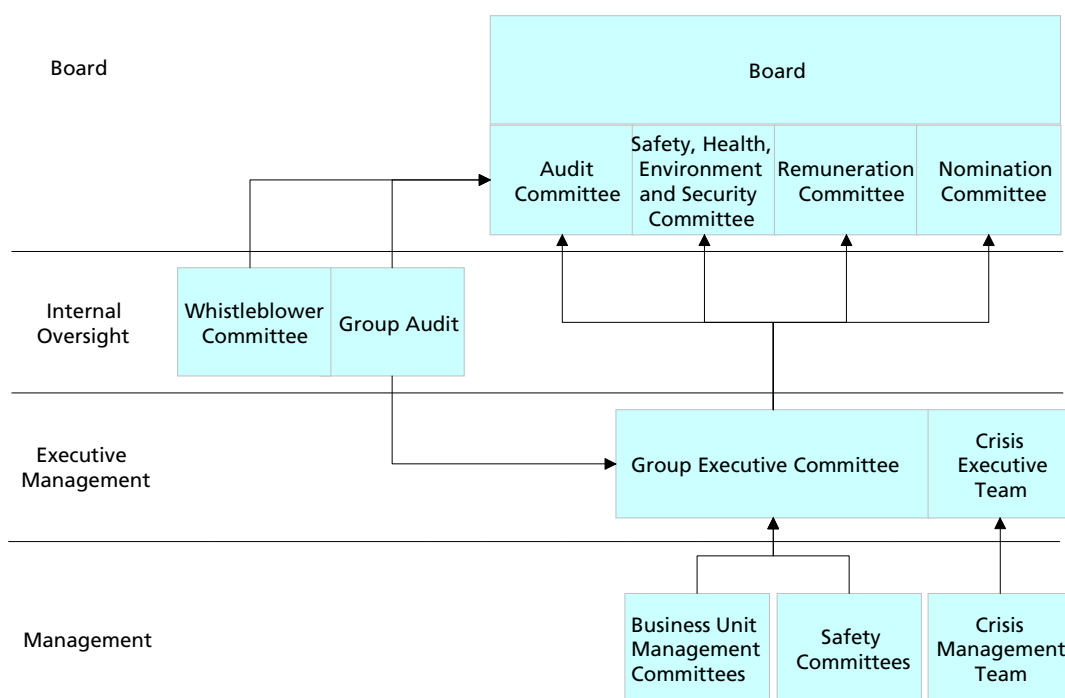
The Qantas Group is committed to complying with all applicable laws and regulations, and to conducting business with the highest levels of ethics and integrity. The Qantas Group Business Practices Document highlights the standards to be upheld by all employees, including in relation to Continuous Disclosure, Employee Share Trading, Risk Management, Safety, Whistleblower Protection and Stakeholder Communications.

Qantas Group Risk Management Framework

Qantas is committed to embedding risk management practices to support the achievement of business objectives and fulfil corporate governance obligations. The Qantas Group Risk Management Framework (Framework) supports the identification, assessment, management and reporting of risks across the business.

The Group governance structure facilitates the monitoring, oversight and escalation of risks to Management and the Board. Business units are active participants in the structure and are required to maintain an internal governance structure to support the Group's objectives and to manage the risks within their business units. The Crisis Executive and Crisis Management Teams are engaged to manage and coordinate responses to specific events, such as the H1N1 influenza pandemic and unexpected external disruptions (e.g. volcanic ash). The Safety Committees provide forums for the escalation of safety, health, environment and security specific risks.

Qantas Group Governance Structure



Details of the risk management policy, risk governance structure and risk reporting framework are provided in the Corporate Governance Statement in the Annual Report.

Qantas Management System

The Qantas Management System (QMS) is the Group management system standard supporting the Group in maintaining safe, secure and sustainable outcomes for air and ground operations and related people activities.

The QMS consists of five core components:

1. Leadership commitment and planning
2. Process and activity management
3. Risk management
4. Assurance
5. Training and promotion

It forms part of the Qantas Group Risk Management Framework and defines the minimum requirements to be followed across the Group. It supports the systematic management of activities and processes to consistently meet quality expectations and effectively manage risk. Risk categories include but are not limited to safety, health, legal, security, environment, quality and compliance risks.

Risk management culture

Qantas has established the following processes/principles to create and maintain the organisation-wide risk culture that takes into account strategic, financial and operational risks.

- Leadership and commitment – the Qantas Board, Executive Committee and Management demonstrate strong commitment to risk management by their support and endorsement for risk related policies, involvement in the risk analysis, escalation and management process, certification of risk management processes and participation in risk based decision making for all key strategic decisions/initiatives. The Qantas Chief Risk Officer (CRO) is a member of the Executive Committee with a direct reporting line to the CEO which enables timely and effective involvement in key decisions from a risk perspective.
- Risk management resources – under the direction of the CRO, the Risk and Assurance function has evolved from being a disparate and siloed set of risk and audit functions throughout the Group to an integrated risk advisory, compliance and assurance function covering a range of disciplines including Safety, Environment, Fuel Conservation, Security, Risk and Resilience and Internal Audit. Risk champions and specialists exist throughout the business to provide appropriate coverage and focus on embedding a risk culture.
- Integration of risk into key decision making and processes – the Group is committed to establishing efficient and effective processes for integrating risk into key decisions and core processes including (but not limited to) strategy development, business case approvals, project management and contract management.
- Building consistent risk capabilities – to build consistent risk capabilities across the Group, risk related training (ranging from on-line risk awareness training to classroom based specialist training) is available to all employees and covers risk, safety/OHS, environment and crime and corruption.
- PricewaterhouseCoopers recently reviewed the Framework and concluded that the Framework was well designed, consistent with ASX Principle 7 and AS/NZS ISO 31000: 2009 and embedded within the business. Management continues to improve the Framework and is in the process of deploying a risk management system to streamline the identification and reporting of risks and enhancing the Group's public disclosures on how risk is managed at Qantas.

External recognition

- The Qantas Group Risk department was selected as the 2010 winner of the Risk Enterprise of the Year Award as part of the 2010 Risk Sentinel Awards, an inaugural awards program sponsored by *Risk* magazine. This award recognised the Group's successful integration of risk management to business partners status within the Group, ensuring that risk management an integral part of Group-wide strategy and process.

GLOSSARY

A

Absenteeism (Qantas Group) – The average number of annualised days taken as sick leave (including carer's leave) per person from 1 July to 30 June for all Australian based employees, excluding internationally based employees paid locally. This includes Qantas Airlines, Jetstar, Jetset Travelworld Group, Frequent Flyer and Corporate Support.

Absenteeism (Qantas) – The average number of annualised days taken as sick leave (including carer's leave) per person from 1 July to 30 June for all Australian based employees, excluding internationally based employees paid locally. This includes Qantas Airlines, QantasLink, Airports, Engineering, Flight Training and Freight.

AFTK, Available freight tonne kilometres – Total freight tonnage capacity available, multiplied by the number of kilometres flown.

Associated company – Companies where the Qantas Group's holding amounts to at least 20 per cent and at the most 50 per cent.

ASK, Available seat kilometre – A measure of an airlines capacity. Total number of seats available for passengers, multiplied by the number of kilometres flown.

Average FTE – Average full time equivalent for the 12 months ending 30 June.

Aviation fatalities – Fatal injuries as a result of being in Qantas Group aircraft or having direct contact with any part of Qantas Group aircraft from 1 July to 30 June, including parts which have become detached from the aircraft, or direct exposure to jet blast except when the injuries are from natural causes, self-inflicted or inflicted by other persons, or when the injuries are to stowaways hiding outside the areas normally available to the passengers and crew. For statistical uniformity only, an injury resulting in death within 30 days of the date of the accident is classified as a fatal injury (adapted from Australian Transport Safety Bureau (ATSB) and International Civil Aviation Organization (ICAO) definitions for serious injuries resulting from aircraft events).

Aviation fuel consumption – The total volume of aviation kerosene consumed by the Qantas Group's flying businesses from 1 July to 30 June. Aviation fuel consumption includes Qantas, Jetstar, Regional Airlines, Jetconnect and Freight, for both domestic and international operations. Aviation fuel consumption does not include consumption by codeshare partners.

B

Block hours – The time between the aircraft leaving the departure gate and arriving at the destination gate.

BITRE – Bureau of Infrastructure, Transport and Regional Economics (refer to www.bitre.gov.au).

C

Carbon dioxide equivalent (CO_{2-e}) – aviation – The amount of greenhouse gas emissions measured in carbon dioxide equivalent (CO_{2-e}) tonnes generated from aviation fuel consumption (as defined above) from 1 July to 30 June. Under the Australian Government's Department of Climate Change National Greenhouse Accounts (NGA) Factors, emissions incorporated into the calculation include carbon dioxide (CO₂), methane (CH₄) and nitrous oxide (N₂O).

Qantas applies the NGA Factors conversions and methodology for the calculation of CO_{2-e}.

Carbon dioxide equivalent (CO_{2-e}) per 100 Revenue Tonne Kilometres (RTKs) (Group) – A measure of carbon dioxide equivalent CO_{2-e} emissions efficiency based on CO_{2-e} production per 100 RTKs for the Qantas Group from 1 July to 30 June. CO_{2-e} emissions for aviation as defined above. This measure has been expanded to include Jetstar and QantasLink in 2009/10.

CAPEX (Capital Expenditure) – Payments for capital assets.

D

Domestic cancellations (Australia) – Domestic cancellations are defined as the percentage of Australian domestic cancellations for the Qantas Group from 1 July to 30 June. A flight is regarded as a cancellation if it is cancelled less than 7 days prior to its scheduled departure time.

Domestic on-time arrivals (Australia) – Domestic on-time arrivals are defined as the percentage of Australian domestic on-time arrivals for the Qantas Group from 1 July to 30 June. A flight arrival is counted as on time if it arrived at the gate within 15 minutes of the scheduled arrival time for Sectors flown. Neither diverted nor cancelled flights count as being on time. (Bureau of Infrastructure, Transport and Regional Economics (BITRE) definition).

Domestic on-time departures (Australia) – Domestic on-time departures are defined as the percentage of Australian domestic on-time departures for the Qantas Group from 1 July to 30 June. A flight departure is counted as on time if it departed at the gate within 15 minutes of the scheduled departure time for Sectors flown. Neither diverted nor cancelled flights count as being on time. (Bureau of Infrastructure, Transport and Regional Economics (BITRE) definition).

Domestic traveller expenditure – Domestic traveller expenditure is calculated as the number of Qantas Group domestic passengers for the 12 months to 31 May 2010 multiplied by the average expenditure per overnight visitor according to Tourism Australia's March 2010 National Visitor Survey. This amount includes the value of related airfares. As it is not possible to disaggregate the data, the calculation should be viewed as indicative only e.g. the figure may include some international visitor expenditure (where domestic flights are purchased after arrival in Australia) or understate the expenditure associated with domestic flights which are "round trip".

E

Earnings per share (EPS) – Profit after tax divided by the weighted average number of issued shares.

EBIT – Earnings before interest and tax.

EBITDA – Earnings before interest, tax, depreciation and amortisation.

EBITDAR – Earnings before interest, tax, depreciation and amortisation and rentals (leasing costs for aircraft).

Electricity (Australia) – The total amount of electricity consumed as measured in MWh (megawatt hours) by Qantas Group sites within Australia where electricity is separately metered and billed for the period 1 July to 30 June.



F

Fuel per 100 Revenue Tonne Kilometres (RTKs) (Group) – A measure of efficiency based on fuel consumption per 100 RTKs for the Qantas Group from 1 July to 30 June. This measure has been expanded to include Jetstar and QantasLink in 2009/10.

FTE – Full-time equivalent.

I

Indirect economic output – This indirect economic contribution measure comprises Qantas Group revenue multiplied by a Qantas Group economic multiplier of 2.1 (as calculated by Access Economics). The multiplier is derived from Australian Bureau of Statistics input-output tables of the Australian economy. Access Economics is an economic advisory company which provides expertise in analysis, modelling and forecasting. Access Economics was commissioned by Qantas to gain a better understanding of the Group's contribution to the Australian economy. A multiplier of 2.1 suggests that a \$1 million increase in demand for Qantas' services leads to a \$2.1 million increase in output from all sectors in the economy, including air transportation. In other words, the flow-on effects to other sectors is \$1.1 million.

Investment in training – Costs incurred from 1 July to 30 June for employee training including flight crew training, manpower costs for trainers and instructors, administrative costs incurred for learning and development activities, maintenance costs and depreciation on the flight simulators, rent, maintenance costs and depreciation on the Qantas Centre of Service Excellence, a facility that the Group established primarily for employee training purposes. Capital expenditures and opportunity costs such as employee time spent on in-house training sessions are excluded.

M

Market capitalisation – Share price at 30 June multiplied by the number of outstanding shares.

Mishandled bags files per 1,000 passengers (Qantas and QantasLink) – The number of files lodged for mishandled bags per 1,000 passengers carried by Qantas and QantasLink domestically and internationally from 1 July to 30 June. A mishandled bag is defined as any delayed bag for which a report was filed within specified time limits.

N

National export revenue – National export revenue is calculated by the number of inbound visitors brought to Australia by Qantas and Jetstar for the 12 months to 31 May 2010 (latest available data at the time of the Annual Report 2010) multiplied by the assumed visitor expenditure (based on the average expenditure per visitor according to Tourism Australia's March 2010 International Visitor Survey (latest available data at the time of the Annual Report 2010)). This amount does not include the value of airfare and freight charges that accrue to Qantas from overseas sources which also represent export revenue.

Number of full-time equivalent (FTE) employees – The total number of full-time equivalent (FTE) employees as at 30 June, reported in total for each business unit of the Qantas Group in Australia and overseas. This is calculated using standard working hours for full-time and part-time employees and actual hours worked by the casual and temporary workforce.

Number of Indigenous employees – The number of self-identified Aboriginal and Torres Strait Islander employees across the Qantas Group as at 30 June.

Number of women Directors on the Qantas Board – The number of female Directors on the Qantas Board as at 30 June.

O

Occupational health and safety fatalities – The death of an employee or contractor occurring from 1 July to 30 June, arising from an occupational injury or disease sustained or contracted while working for the Qantas Group in Australia and overseas. The Group only includes 'embedded contractors' in its definition. Embedded contractors are those who work exclusively for the Group and perform work that is considered to be core business e.g. contractors provided by labour hire companies permanently to engineering or ramp services.

OHS Lost Time Injury Frequency Rate (LTIFR) (Australia and New Zealand) – The number of Lost Time Injuries (LTIs) per million hours worked in Australia and New Zealand from 1 July to 30 June, where an LTI is defined as any work related injury or illness that results in the loss of one or more full days or shifts. LTIFR is used by Qantas Group business units as a means to compare their own performance both internally and externally.

OHS Serious Injury Frequency Rate (SIFR) (Australia) – The number of workplace injuries resulting in the accumulation of seven or more total and/or suitable duties days lost per million hours worked in Australia from 1 July to 30 June. Serious injuries excludes injuries incurred by employees while travelling for work but outside of work hours and those incurred while travelling to and from work. Suitable duties days are defined as days when an employee has returned to the workplace following an injury but has specific restrictions or limitations around the work they can perform as part of a return to work plan. Serious injuries are a major driver of workers' compensation costs.

P

Passenger load/seat factor – Revenue passenger kilometres divided by available seat kilometres expressed as a percentage. Percentage of total passenger capacity actually utilised by paying passengers.

PAT – Profit after tax.

PAX – Passengers.

PBT – Profit before tax.

Percentage of employees by age group – The percentage by age group of permanent employees for the Qantas Group in Australia and overseas as at 30 June. Understanding the changing demographics of the workforce assists in workforce planning.

Percentage of part-time employees – A measure of workforce flexibility to report on the percentage of part-time positions across the Qantas Group in Australia and overseas as at 30 June.

Percentage of women – The percentage of all employees of the Qantas Group in Australia and overseas who are female, at 30 June. Attracting, developing and retaining women in all areas of the Qantas business remains an ongoing priority for the Qantas Group.

Percentage of women Directors on the Qantas Board – The percentage of female Directors on the Qantas Board as at 30 June.

Percentage of women in senior positions – The percentage of all female employees in senior management positions across the Qantas Group in Australia and overseas as at 30 June. Senior positions are defined as Level 4 (Head of/Manager as defined by job size) designator and above.

R

Return on equity – Profit after tax divided by average shareholders' equity.

RPK, Revenue passenger kilometre – Number of paying passengers carried, multiplied by the number of kilometres flown.

RFTK, Revenue freight tonne kilometre – Number of tonnes of paid freight and mail traffic multiplied by the number of kilometres flown.

RTK, Revenue tonne kilometre – Quantifies the amount of revenue generating payload carried, for the distance flown. Total number of tonnes of paying passenger, freight and mail carried, multiplied by the number of kilometres flown.

W

Waste to landfill (Australia) – Total solid waste and quarantine waste generated as measured in tonnes by Qantas Group sites (including Engineering, Airports, Catering and Corporate Support) within Australia where Qantas is responsible for the waste removal and is separately billed (that is, where there is a separately identified item on a bill for waste and is not part of a general overhead charge) for the period 1 July to 30 June.

Water (Australia) – The total amount of water consumed as measured in KL (kilolitres) by Qantas Group sites within Australia where water is separately metered and billed for the period 1 July to 30 June.

Y

Yield (excluding FX) – Net passenger revenue, excluding foreign exchange and passenger recoveries divided by revenue passenger kilometres.