

QANTAS AIRWAYS LIMITED

ABN 16 009 661 901

PRELIMINARY MONTHLY TRAFFIC AND CAPACITY STATISTICS AUGUST 2008

Summary of Traffic and Capacity Statistics

Month of August 2008

August Group (comprising Qantas Domestic, QantasLink, Jetstar and Qantas International) passenger numbers decreased by 0.8 per cent over the previous year. RPKs decreased by 0.9 per cent, while ASKs were up 1.7 per cent, resulting in a revenue seat factor of 77.7 per cent, which was 2 percentage points lower than the previous year. Traffic was negatively affected by industrial action by the Australian Licensed Aircraft Engineers Association (ALAEA) during the period.

Total Domestic (Qantas, QantasLink and Jetstar domestic operations) yield excluding exchange for the financial year to August 2008 was 2.3 per cent lower when compared to the same period last year. Total International (Qantas and Jetstar international operations) yield excluding exchange increased by 6.3 per cent compared with the same period the prior year.

Qantas has taken a recent opportunity to increase hedging of its expected crude oil requirements in 2008/09 to 97 percent at a worst-case rate of USD110.75 per barrel including option premium. Qantas uses options and swaps and, at current fuel prices, has 73 percent participation in falling fuel prices for the remainder of the financial year. It has also hedged 14 percent of its refining margin exposure for the remainder of the financial year.

In addition, Qantas has hedged 83 percent of its 2008/09 net USD cost base via a mix of forwards and options. This cover includes the hedging of surplus revenue currencies to USD, while the AUD/USD residual exposure is fully hedged at a worst-case rate of US85c. Qantas has also fully hedged its capital expenditure requirements for the next three years to June 2011 via a mix of forwards and options at a worst case rate of US80c.

While recent movements in fuel prices and foreign currency exchange rates net of hedging have been positive for the Group, Qantas has experienced an offsetting deterioration in booking intakes over the past four weeks, particularly in international markets, reflecting lower consumer confidence and the impact of exchange rate movements on demand.

Recent Developments

On 24 September, Qantas said that, given heightened market volatility, it had decided to defer a minority Initial Public Offering (IPO) of the Qantas Frequent Flyer business that it had been exploring. The Board said preparations would continue for a minority IPO in the first half of 2009.

On 26 September, Qantas said that, in preparation for the CEO succession on 28 November, a number of key changes will be made to the senior management team:

- Lyell Strambi will join Qantas from 1 December 2008 in the newly created position of Executive General Manager Operations, Qantas Airlines. Mr Strambi will be responsible for Qantas Airlines Engineering, Pilots, Airports, Catering and Flight Training. Mr Strambi brings a wealth of experience gained over more than 30 years as a key airline executive in both Australia and Europe.
- Bruce Buchanan was appointed as the Chief Executive Officer of Jetstar Airways, effective 1 October. Mr Buchanan's participation in the establishment of Jetstar in 2003 and its subsequent expansion, both domestically and internationally, has positioned him to now lead Jetstar.
- John Borghetti will remain in his role of Executive General Manager Qantas Airlines.

On 30 September, Colin Storrie succeeded Peter Gregg as Qantas Group Chief Financial Officer and also joined the Qantas Board.

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	Month			Financial Year to Date		
	2008/09	2007/08	Change	2008/09	2007/08	Change
Qantas Domestic						
Passengers carried ('000)	1,383	1,474	(6.2)%	2,815	2,988	(5.8)%
Revenue Passenger Kilometres (m)	2,020	2,125	(5.0)%	4,161	4,355	(4.5)%
Available Seat Kilometres (m)	2,593	2,629	(1.4)%	5,200	5,253	(1.0)%
Revenue Seat Factor (%)	77.9	80.8	(2.9) pts	80.0	82.9	(2.9) pts
QantasLink						
Passengers carried ('000)	358	364	(1.8)%	720	720	0.1%
Revenue Passenger Kilometres (m)	262	239	9.4%	530	476	11.3%
Available Seat Kilometres (m)	373	317	17.6%	741	624	18.8%
Revenue Seat Factor (%)	70.1	75.4	(5.3) pts	71.5	76.3	(4.8) pts
Jetstar Domestic						
Passengers carried ('000)	685	616	11.2%	1,411	1,248	13.0%
Revenue Passenger Kilometres (m)	793	717	10.5%	1,627	1,449	12.2%
Available Seat Kilometres (m)	995	864	15.2%	2,036	1,730	17.7%
Revenue Seat Factor (%)	79.6	83.0	(3.4) pts	79.9	83.8	(3.9) pts
Qantas International						
Passengers carried ('000)	629	672	(6.4)%	1,315	1,401	(6.1)%
Revenue Passenger Kilometres (m)	4,623	4,900	(5.6)%	9,675	10,196	(5.1)%
Available Seat Kilometres (m)	5,940	6,098	(2.6)%	11,932	12,364	(3.5)%
Revenue Seat Factor (%)	77.8	80.4	(2.6) pts	81.1	82.5	(1.4) pts
Jetstar International						
Passengers carried ('000)	157	112	40.6%	311	220	41.6%
Revenue Passenger Kilometres (m)	699	494	41.5%	1,388	964	44.0%
Available Seat Kilometres (m)	907	720	25.9%	1,821	1,355	34.4%
Revenue Seat Factor (%)	77.1	68.6	8.5 pts	76.2	71.1	5.1 pts
Total Group Operations						
Passengers carried ('000)	3,211	3,237	(0.8)%	6,572	6,576	(0.1)%
Revenue Passenger Kilometres (m)	8,396	8,475	(0.9)%	17,380	17,440	(0.3)%
Available Seat Kilometres (m)	10,807	10,628	1.7%	21,730	21,326	1.9%
Revenue Seat Factor (%)	77.7	79.7	(2.0) pts	80.0	81.8	(1.8) pts

Notes

Any adjustments to preliminary statistics will be included in the year to date results next month. Where figures have been rounded, discrepancies may occur between the sum of the components of items and the total and in percentage changes which are derived from figures prior to rounding.

The number of passengers carried is calculated on the basis of origin/destination (ie. one origin/destination journey represents one passenger regardless of the number of stage lengths undertaken).

Key

(m): Millions

RPKs: The number of paying passengers carried multiplied by the number of kilometres flown

ASKs: The number of seats available for sale multiplied by the number of kilometres flown