

QANTAS AIRWAYS LIMITED
ABN 16 009 661 901

PRELIMINARY MONTHLY TRAFFIC AND CAPACITY STATISTICS

JULY 2011

Summary of Traffic and Capacity Statistics

Month of July 2011

Qantas Group passenger numbers for July 2011 were up 6.2 percent from the previous year. RPKs increased by 4.8 percent and ASKs increased by 5.0 percent, resulting in a revenue seat factor of 82.3 percent, which was 0.1 percentage points lower than the previous year.

Total Domestic (Qantas Domestic, QantasLink and Jetstar Domestic networks) yield excluding foreign exchange for the month of July 2011 was 9.4 percent higher when compared to the corresponding prior year period. Total International (Qantas International, Jetstar International and Jetstar Asia networks) yield excluding foreign exchange for the month of July 2011 was 7.0 percent higher when compared to the corresponding prior year period.

Recent Developments

On 16 August, the Qantas Group, Japan Airlines Co. Ltd (JAL) and Mitsubishi Corporation announced the launch of Jetstar Japan – a new domestic airline that will bring more low fares to customers in Japan. The partners will each hold a 1/3 share in the new company (voting-rights-basis). Jetstar Japan will commence domestic operations by the end of 2012 and expects to fly from Tokyo (Narita) and Osaka (Kansai International), with other destinations under consideration.

On 16 August, Qantas announced the initial phase of a transformation to turnaround the Qantas International business. The key pillars of the transformation plan are:

- continued focus on customer excellence;
- strengthening our presence in Asia;
- deepening alliance relationships; and
- a focus on business improvement.

As a result of the initial transformation plans and network changes for Qantas international, the Qantas Group announced it would defer the delivery of its final six Airbus A380s by up to six years and retire four Boeing 747 aircraft early. This represents a significant reduction in capital investment in the underperforming Qantas International business.

On 16 August, the Qantas Group announced it would acquire up to 110 Airbus A320 aircraft for delivery over the period to 2020. The order includes up to 32 current-generation A320 aircraft and 78 next-generation A320neo aircraft. 24 of the 32 current generation A320 aircraft will be allocated to the new Jetstar Japan venture. These aircraft will be off balance sheet for the Qantas Group. The other 8 A320 aircraft are for the planned investment in a new premium carrier in Asia.

About half of the 78 A320neo aircraft, which will be delivered in the latter half of the decade, will cover lease expiries, replacing older aircraft with more efficient, next-generation models. The other half will support modest growth in the existing Jetstar businesses of 4-6% per year.

For further details on the International transformation, refer to the following link:

<http://www.qantas.com.au/infodetail/about/investors/BuildingaStrongerQantasInvestorPresentation.pdf>

On 31 August, Standard and Poor's revised the outlook on Qantas to stable from negative to reflect the Group's strong liquidity, its solid domestic market position, and the expectation of a gradual improvement in the Group's overall performance (in particular the international operation). At the same time, Standard and Poor's affirmed its 'BBB' long-term and 'A-3' short-term corporate credit ratings on Qantas, as well as its 'BBB' senior unsecured debt ratings. This follows confirmation from Moody's that its credit rating of Qantas remains unchanged at 'Baa2 negative', supported by positive commentary regarding the credit implications of the Group's transformation strategy.

Update on Hedging

Qantas has hedged 54 percent of its fuel requirement in 2011/12 at a worst-case crude oil price of USD116.97 per barrel including option premium. The majority of hedging is in Brent crude oil or refined products.

Qantas has hedged 20 percent of its operational foreign exchange exposure in 2011/12 at a worst case AUD/USD equivalent exchange rate of 0.8918 inclusive of option premium.

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	Month			Financial Year to Date		
	2011/12	2010/11	Change	2011/12	2010/11	Change
Qantas Domestic						
Passengers carried ('000)	1,521	1,506	1.0%	1,521	1,506	1.0%
Revenue Passenger Kilometres (m)	2,248	2,251	(0.1)%	2,248	2,251	(0.1)%
Available Seat Kilometres (m)	2,742	2,707	1.3%	2,742	2,707	1.3%
Revenue Seat Factor (%)	82.0%	83.1%	(1.1) pts	82.0%	83.1%	(1.1) pts
QantasLink						
Passengers carried ('000)	429	410	4.7%	429	410	4.7%
Revenue Passenger Kilometres (m)	285	282	1.1%	285	282	1.1%
Available Seat Kilometres (m)	415	397	4.4%	415	397	4.4%
Revenue Seat Factor (%)	68.8%	71.0%	(2.2) pts	68.8%	71.0%	(2.2) pts
Jetstar Domestic						
Passengers carried ('000)	966	797	21.2%	966	797	21.2%
Revenue Passenger Kilometres (m)	1,206	949	27.1%	1,206	949	27.1%
Available Seat Kilometres (m)	1,427	1,174	21.5%	1,427	1,174	21.5%
Revenue Seat Factor (%)	84.5%	80.8%	3.7 pts	84.5%	80.8%	3.7 pts
Qantas International						
Passengers carried ('000)	536	534	0.4%	536	534	0.4%
Revenue Passenger Kilometres (m)	4,628	4,558	1.5%	4,628	4,558	1.5%
Available Seat Kilometres (m)	5,454	5,372	1.5%	5,454	5,372	1.5%
Revenue Seat Factor (%)	84.8%	84.8%	0.0 pts	84.8%	84.8%	0.0 pts
Jetstar International						
Passengers carried ('000)	374	347	7.9%	374	347	7.9%
Revenue Passenger Kilometres (m)	1,018	1,021	(0.3)%	1,018	1,021	(0.3)%
Available Seat Kilometres (m)	1,311	1,333	(1.6)%	1,311	1,333	(1.6)%
Revenue Seat Factor (%)	77.6%	76.6%	1.0 pts	77.6%	76.6%	1.0 pts
Jetstar Asia						
Passengers carried ('000)	243	239	1.8%	243	239	1.8%
Revenue Passenger Kilometres (m)	478	346	37.9%	478	346	37.9%
Available Seat Kilometres (m)	629	426	47.8%	629	426	47.8%
Revenue Seat Factor (%) ¹	75.9%	81.3%	(5.4) pts	75.9%	81.3%	(5.4) pts
Total Group Operations						
Passengers carried ('000)	4,069	3,832	6.2%	4,069	3,832	6.2%
Revenue Passenger Kilometres (m)	9,862	9,407	4.8%	9,862	9,407	4.8%
Available Seat Kilometres (m)	11,978	11,409	5.0%	11,978	11,409	5.0%
Revenue Seat Factor (%)	82.3%	82.5%	(0.1) pts	82.3%	82.5%	(0.1) pts

1. Jetstar Asia commenced daily A330 services from Singapore to Auckland in mid-March 2011. The revenue seat factor for this service is in line with expectations for a new route. The relatively long sector length of the route has had a significant impact on Jetstar Asia's operating statistics.

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, the total and 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