

**QANTAS AIRWAYS LIMITED**  
**ABN 16 009 661 901**

**PRELIMINARY MONTHLY TRAFFIC AND CAPACITY STATISTICS**  
**OCTOBER 2005**

**Summary of Traffic and Capacity Statistics**

**Month of October 2005**

Total Domestic (Qantas, QantasLink and Jetstar) traffic, measured in Revenue Passenger Kilometres (RPKs) increased by 8.2 per cent in October 2005 while capacity, measured in Available Seat Kilometres (ASKs) increased by 8.6 per cent. This resulted in a revenue seat factor of 81.2 per cent, 0.3 percentage points lower than for October 2004.

Total International (Qantas and Australian Airlines) RPKs increased by 0.6 per cent in October 2005, while ASKs increased by 1.2 per cent over the same period. The resulting revenue seat factor of 75.2 per cent was 0.4 percentage points lower than the previous year.

October Group (comprising Qantas Domestic, QantasLink, Jetstar, Qantas International and Australian Airlines) passenger numbers increased by 4.4 per cent over the previous year. RPKs increased by 3.2 per cent, while ASKs were up 3.6 per cent, resulting in a revenue seat factor of 77.2 per cent, which was 0.3 percentage points lower than the previous year.

**Financial Year to Date October 2005**

Total Domestic revenue seat factor for the financial year to October 2005 decreased by 0.9 percentage points to 79.4 per cent when compared with year to date October 2004, while total Domestic yield excluding exchange increased by 5.8 per cent over the same period. Total International yield excluding exchange for the financial year to October increased by 7.0 per cent when compared with the same period last year. Total International revenue seat factor increased by 1.7 percentage points to 76.5 per cent over the same period.

Group passenger numbers for the year to October 2005 increased by 4.3 per cent from the previous year. RPKs increased by 4.6 per cent, while ASKs increased by 3.3 per cent, resulting in a revenue seat factor of 77.5 per cent, 1.0 percentage point higher than the previous year.

**Update on Fuel Cost Management and Sustainable Future Program - Phase II**

At its 2004/05 results briefing, Qantas announced that it needed to accelerate business transformation to ensure that the Group remains competitive and achieves targeted levels of profitability in a more challenging operating environment.

In 2005/06, as a result of the movement in crude oil and refining margins, Qantas faces a rise in fuel costs of around A\$900 million, taking the price effect alone. To counter this, Qantas increased fuel surcharges. These higher fuel surcharges are reflected in increased yields.

Qantas has taken a recent opportunity to increase its fuel hedging for 2005/06 to 75 per cent. After additional hedging, the average hedged price has risen to approximately US\$52.40 a barrel, inclusive of option premium, for West Texas Intermediate crude (WTI).

Fuel prices remain volatile. Even after the benefits of hedging and surcharges, and taking into account some impact on demand, Qantas still faces an estimated shortfall of \$350-450 million to offset higher fuel costs.

To address these challenges, the Sustainable Future Program was extended with a target to achieve \$3 billion of permanent cost and efficiency benefits over the five years to 2007/08.

Specific programs announced included the reduction in the number of management positions by 15 per cent, which has been achieved. In addition, a number of programs have commenced, some of which are currently being implemented, while others await the outcome of the Government review of the aviation policy and regulatory framework within Australia.

Restructuring costs associated with these programs will be incurred in the current financial year. Of these, \$60-80 million will be incurred in the first half, including retrenchment costs associated with the management reduction program and other voluntary redundancy programs.

## **Recent Developments**

On 16 November 2005, Qantas celebrated its 85<sup>th</sup> Anniversary. Qantas said it is proud of what has been accomplished by generations of Qantas people over the past 85 years, taking the airline from a small outback flying operation to one of the world's most successful airlines.

On 12 to 16 November 2005, Qantas welcomed the arrival of the Airbus A380 to Brisbane, Sydney and Melbourne, as part of the aircraft's test flight program. Qantas said the aircraft would revolutionise air travel in much the same way as the Boeing 747 did in the 1960s and 70s. The aircraft would allow increased capacity on payload critical routes and into slot constrained airports.

On 29 November 2005, Australian Airlines announced it would introduce a Premium Economy cabin from mid-2006. Australian Airlines currently offers an all-Economy cabin of 271 seats, which will be reconfigured as 28 Premium Economy seats and 238 Economy seats. Features of Australian Airlines' Premium Economy product include more spacious seating, priority boarding and priority meal service. Australian Airlines also announced, subject to Government approval, plans to commence double daily services between Tokyo and Cairns from mid-2006. Qantas will withdraw from the Tokyo-Cairns route. As a result of these changes the Qantas Group will offer more than 500 additional seats each week between Tokyo and Cairns.

On 29 November 2005, Qantas announced that it would increase the number of services it operates to New York from three to five per week from 27 February 2006. Qantas said the addition of two extra services each week, operating from Sydney via Los Angeles, would provide customers with additional choices for travel to New York. The additional New York services will operate into JFK Airport on Mondays and Saturdays using three-class Boeing 747-400 aircraft with Qantas' award winning Skybed in Business Class. Qantas currently operates services to New York on Wednesdays, Fridays and Sundays.

On 29 November 2005, Qantas announced that based on the most recent reconciliation foreign purchases have resulted in foreign persons having a relevant interest in approximately 46.21 per cent of Qantas shares. Qantas last advised the market on 8 September 2005 that foreign persons had a relevant interest in approximately 44.98 per cent of the Qantas issued share capital.

On 2 December 2005, Jetstar Asia announced the appointment of Mr Neil Thompson as Acting Chief Executive Officer of the airline following the decision by current Chief Executive Officer, Mr Ken Ryan, to return to Australia in December. Details of Mr Ryan's appointment to a new senior management position with Qantas in Sydney and the appointment of a permanent Chief Executive Officer for Jetstar Asia would be announced in the new year.

On 8 December 2005, the Qantas Board approved the establishment of a new long haul value based airline under the Jetstar brand. Jetstar would commence its international operations no later than January 2007. The Board also called a special meeting for 14 December 2005 to further consider its long term fleet plan. Qantas said the meeting is expected to discuss and approve major aircraft purchases, including the new aircraft for Jetstar's international operations.

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	2005/06	Month 2004/05	Change	Financial Year to Date		
				2005/06	2004/05	Change
<b>Qantas Domestic *</b>						
Passengers carried ('000)	1,411	1,438	(1.9)%	5,468	5,699	(4.1)%
Revenue Passenger Kilometres (m)	2,042	2,036	0.3%	7,911	8,078	(2.1)%
Available Seat Kilometres (m)	2,471	2,463	0.4%	9,799	9,877	(0.8)%
Revenue Seat Factor (%)	82.6	82.7	(0.1) pts	80.7	81.8	(1.1) pts
<b>QantasLink</b>						
Passengers carried ('000)	279	269	4.0%	1,087	1,049	3.6%
Revenue Passenger Kilometres (m)	176	169	4.2%	678	651	4.1%
Available Seat Kilometres (m)	245	225	8.9%	955	877	8.8%
Revenue Seat Factor (%)	72.0	75.3	(3.3) pts	71.0	74.2	(3.2) pts
<b>Jetstar *</b>						
Passengers carried ('000)	481	363	32.6%	1,788	1,294	38.2%
Revenue Passenger Kilometres (m)	511	357	43.0%	1,896	1,246	52.1%
Available Seat Kilometres (m)	646	464	39.2%	2,458	1,687	45.7%
Revenue Seat Factor (%)	79.0	77.0	2.0 pts	77.1	73.9	3.2 pts
<b>Total Domestic *</b>						
Passengers carried ('000)	2,171	2,033	6.8%	8,343	7,892	5.7%
Revenue Passenger Kilometres (m)	2,729	2,523	8.2%	10,485	9,821	6.8%
Available Seat Kilometres (m)	3,362	3,096	8.6%	13,212	12,226	8.1%
Revenue Seat Factor (%)	81.2	81.5	(0.3) pts	79.4	80.3	(0.9) pts
<b>Qantas International</b>						
Passengers carried ('000)	732	735	(0.4)%	2,919	2,891	1.0%
Revenue Passenger Kilometres (m)	4,673	4,591	1.8%	18,826	18,044	4.3%
Available Seat Kilometres (m)	6,149	6,063	1.4%	24,400	24,095	1.3%
Revenue Seat Factor (%)	76.0	75.7	0.3 pts	77.2	74.9	2.3 pts
<b>Australian Airlines</b>						
Passengers carried ('000)	66	75	(12.0)%	285	291	(2.1)%
Revenue Passenger Kilometres (m)	307	359	(14.3)%	1,271	1,380	(7.9)%
Available Seat Kilometres (m)	471	480	(1.7)%	1,872	1,889	(0.9)%
Revenue Seat Factor (%)	65.2	74.7	(9.5) pts	67.9	73.1	(5.2) pts
<b>Total International</b>						
Passengers carried ('000)	798	810	(1.5)%	3,204	3,182	0.7%
Revenue Passenger Kilometres (m)	4,980	4,949	0.6%	20,097	19,424	3.5%
Available Seat Kilometres (m)	6,620	6,543	1.2%	26,272	25,984	1.1%
Revenue Seat Factor (%)	75.2	75.6	(0.4) pts	76.5	74.8	1.7 pts
<b>Total Group Operations</b>						
Passengers carried ('000)	2,969	2,843	4.4%	11,547	11,074	4.3%
Revenue Passenger Kilometres (m)	7,709	7,472	3.2%	30,582	29,245	4.6%
Available Seat Kilometres (m)	9,982	9,639	3.6%	39,484	38,210	3.3%
Revenue Seat Factor (%)	77.2	77.5	(0.3) pts	77.5	76.5	1.0 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).

\* Qantas and Jetstar prior year statistics include the effect of a domestic codeshare agreement between the two airlines. However the effect of this codeshare is only included once in the prior year statistics for the Total Domestic and Total Group Operations.

**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