

# The Sum of Us



Annual Review 2010

In 2009/2010 the Qantas Group delivered a strong result and we advanced our plans for a successful and sustainable future. Working together, all parts of our diverse business contributed to our performance. This report is the sum of all our efforts. **The sum of us.**



# The Sum of Us



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For 90 years Qantas has been a global aviation innovator, driving higher performance in everything from technology and flying records to product and service leadership. In 10 years the Qantas Group will celebrate a century of aviation forward thinking that makes us the world's most experienced airline.

**Forward Thinking** ▲



Safety is our first priority. It underpins everything that we do. Our unwavering commitment is to world's best safety practices and reporting in all aspects of our business, from operational safety to the physical security and well-being of our customers and our people.

**Safety First** 



**With Qantas and Jetstar we have two strong and complementary brands, and a unique ability to respond to changing market conditions. We aim to make each airline the best in its class. And we have the flexibility to make flying decisions based on the airline, aircraft and route that will deliver the best outcomes for our customers and returns to our shareholders.**

**Strong Complementary Brands** ▲

We've been part of Australian life for 90 years, and we've made an annual profit every year since privatisation in 1995. Our shareholders, customers, employees and the Australian community look to us for the highest standards of safety, service, citizenship and environmental responsibility and we aim to meet those expectations year after year.

**Sustainable Operations** 

Superior infrastructure is fundamental to Qantas Group operations. We have a fleet of 254 aircraft and an ambitious fleet renewal program. Our engineering and maintenance capabilities ensure safe, reliable performance. We have 14 stylish Qantas international lounges, while at home we are the only airline to offer multi-tiered domestic lounges.

**Superior Infrastructure** 

The Qantas Group employs 35,700 people across 250 unique roles, with 93 per cent of them based in Australia. Our goal is to deliver a great place to work, provide training and development for our people, and harness their passion in support of our brands.

**Great People** 

More than ever we are investing in understanding what our customers want, and delivering more than they could imagine. Qantas is redefining the modern premium airline brand – and, with our Next Generation Check-in, streamlining and simplifying the airport experience.

Caring for Customers 

**Responsible environmental behaviour is a strategic imperative. From innovations in fuel conservation and flight planning to onboard recycling, care for the environment is integrated with the Qantas Group's business strategy. We also strongly encourage positive environmental action in the community.**

**Environmental Responsibility** 

At Qantas we consider good corporate citizenship part of our role and responsibility as the national carrier. In a spirit of partnership, we support Australian culture and sport, charitable organisations, regional communities and Indigenous advancement, promoting excellence and equal opportunity.



**Giving Back** 

# Forward Thinking

Qantas has been pursuing innovation in technology, flight operations and product and service for 90 years. Forward thinking has always been, and always will be, part of our culture. This timeline highlights our major achievements during that period – many of them ‘firsts’ in

Founded in Queensland on 16 November

1920

First airline to offer round-the-world services via both hemispheres

1958

Qantas employee Jack Grant invented the inflatable aircraft escape slide-raft

1965

Invented Business Class travel

1979

World's longest flight undertaken by a commercial jet aircraft: London-Sydney non-stop with a B747-400

1989

Pioneered flying operations over the Silk Road route, saving 30 minutes' flying time, after six years' planning with the Civil Aviation Authority of China and Airservices Australia

2001

1943-45

Flew the world's longest route of 28 hours from Perth to Colombo (Sri Lanka) using Catalina Flying Boats, undertaken in almost total radio silence to avoid Japanese attack: 271 safe crossings, 858 passengers, nearly a million miles

1959

First airline outside the United States to fly Boeing 707 jets and to take passengers by jet across the Pacific

1974

World record for largest passenger load, evacuating 674 passengers with 23 crew via B747 after Cyclone Tracy devastated Darwin

1980s

Leading role in developing Extended Twin Operations with the B767-200ER fleet, dramatically improving reliability, saving fuel and reducing flight times

1995

Leading role in the use of Future Air Navigation system to optimise routing and save fuel

2002

First airline to introduce Rockwell Collins Multi Scan radar on B747-400ERs to detect the ice content of storms and deliver smoother flying

the aviation industry – and the milestones we are set to reach over the next 10 years, as we move towards our centenary. Continued innovation will be essential to meet the needs of customers and deliver value for shareholders.

First airline to introduce specialised cabin lighting on long haul flights to promote well-being and reduce jetlag

2003

First airline to launch low fare long haul operations with Jetstar

2006

First airline to offer 'degustation' First Tasting Menu with Neil Perry cuisine

2007

World record for commercial engine performance with 42,019 hours on-wing (equal to 1,000 return trips to the UK) with a Qantas General Electric CF6-80C2 engine installed on a B747-400 aircraft for nine years

2008

Only airline to offer Premium Economy with in-arm inflight entertainment

2008

Next generation flying with the arrival of the first of our B787 fleet

2012

2004

First full service airline to successfully launch a budget airline, Jetstar, with the largest first day of commercial sales (100,000 fares) in aviation history

2006

First airline to perform a landing using the satellite technology-based Global Landing System with a B737-800

2008

Introduced the Qantas Airbus A380, the world's first passenger aircraft cabin wholly conceived by one acclaimed designer: Marc Newson

2008

Achieved a 'perfect flight path gate to gate' with the inaugural A380 service between Los Angeles and Melbourne using Required Navigation Performance and air traffic management to save thousands of kilograms of carbon emissions

2010

Introduced a new era of domestic flying with Next Generation Check-in

2020

Centenary of Qantas

**"The task for this 21st century aviation generation... is to create the infrastructure of the sky. We have all the elements in Australia for the world's best air traffic management regime... now is the time to make Australian skies the safest, smartest and most environmentally sustainable on the planet."**

ALAN JOYCE, SAFESKIES CONFERENCE, CANBERRA, OCTOBER 2009

# Chairman's Report

**This year the Qantas Group trebled last year's profit by taking rapid advantage of improving conditions, and by maximising the strengths of Qantas and Jetstar, its two complementary flying brands.**

I am pleased to report that the Qantas Group delivered a good result for 2009/2010 and laid the groundwork for continuing and sustainable success.

## Highlights

Highlights of the year were:

- Underlying Profit Before Tax of \$377 million
- Revenue of \$13.8 billion
- Operating cash flow of \$1.3 billion
- Cash held at year end of \$3.7 billion

In 2008/2009 the Group stood out in the global aviation sector by recording a profit, due to its decisive response to the global financial crisis. This year the Group trebled that profit by taking rapid advantage of improving conditions, and by maximising the strengths of Qantas and Jetstar, its two complementary flying brands.

## Key factors

Key factors in the result this year included:

- A robust performance by Qantas, which was Australia's most profitable and punctual domestic airline, and which achieved a significantly improved international performance despite global uncertainty and the impact of the volcanic ash disruptions
- A record profit by Jetstar, which grew passenger revenue by 21 per cent and increased international capacity by 50 per cent
- A record performance by Qantas Frequent Flyer, with all-time highs in customer satisfaction and benefits deriving from enhanced alliance relationships, notably with the Woolworths Group
- Industry-leading financial strength, including cash holdings of \$3.7 billion, increased operating cash flow, and the best credit rating of any airline in the world
- Continuing investment in a modern and simplified fleet, with around 160 aircraft on order, and an average of one delivery per month planned for the next eight years
- Continuing innovation and improvement in the customer experience, including the industry-leading Next Generation Check-in
- Significant progress towards \$1.5 billion in permanent savings over three years through the QFuture program, with \$533 million in savings achieved this year, allied to a business transformation and simplification agenda

## Industry context and outlook

In 2009/2010 global operating conditions improved from historic lows, with recovery in demand in both the passenger and freight markets. International demand improved across premium and leisure sectors. Domestic business demand also returned strongly, although domestic leisure demand continued to be relatively soft late in the financial year.

Looking ahead, the Australian commercial aviation sector will remain highly competitive, both domestically and internationally. Aviation is a complex industry, subject both to long-term economic cycles and short-term shocks, with high fixed costs and long investment lead times. The industry is globalising unevenly, and still suffers overcapacity and high start-up and drop-out rates.

To succeed, the Qantas Group's two flying brands will be competing vigorously every day in their different market segments – the full service Qantas and the low fares Jetstar.

## Reporting clarity

This year the Group introduced a new primary reporting measure: Underlying Profit Before Tax (PBT). This is a non-statutory measure which is now being used by the Board of Directors and Executive Committee to assess and improve the performance of the Group. Underlying PBT makes it easier for the Group – and its shareholders – to identify how well the Group manages those business factors it controls, by eliminating the difficulty statutory accounting treatments pose in recording one-off and high-change factors such as hedge volatility in currencies and fuel.

### **Dividend approach**

The Board recognises the desirability of returning a dividend to shareholders wherever possible, and careful consideration was given to this matter. Over the coming period the Qantas Group will need to service its very high capital requirements, and retaining a high credit rating remains a priority. The economic outlook and competitive situation will continue to be challenging and potentially volatile. With this in mind, the Board has determined not to deliver an interim or final dividend in 2009/2010, and future dividends will continue to be assessed against ongoing earnings performance and capital requirements.

### **People**

On behalf of the Board of Qantas, I want to thank all members of the Qantas Group for their efforts through the year. I travel a lot, which means I often get to see their dedication at first hand, across Australia and throughout our international networks. The good results this year are in large part testament to the immense dedication and skill our staff display day in day out. They have much to be proud of.

**LEIGH CLIFFORD, AO**



# CEO's Report

**Our strategy is to create two airlines – Qantas and Jetstar – that are the best in their class, giving us the flexibility to ride economic cycles, leverage different sectors of the market, and maintain a robust operating cash flow.**



It has been a busy and productive year at the Qantas Group.

Our strategy is to create two airlines – Qantas and Jetstar – that are the best in their class, and which will continue to give us the flexibility to ride economic cycles, leverage different sectors of the market, and maintain a robust operating cash flow. Our fleet strategy reflects this approach.

With Marc Newson's signature design and a dedicated crew in all cabins, the Qantas Airbus 380 has become a destination in its own right. We will have 10 in service by 2011, and a further 10 coming into service over the next five years.

We have also brought forward our order for 50 Boeing 787s, with the first now due in mid-2012. We will be the second largest airline customer for these new-era aircraft – offering improved technologies, lower operating costs, fuel efficiencies, and greater passenger comfort.

The first 15 B787s will go to Jetstar International, enabling the transfer of A330-200s to Qantas and the earlier retirement of eight Qantas B767-300ERs, effectively renewing both airlines' fleets.

## Qantas

It is now 90 years since Qantas started in outback Queensland, and we remain hard at work to make a journey with Qantas a fresh and enjoyable experience for each new generation of travellers.

In the past year we have introduced more features to give our customers greater control and flexibility. This includes exit row seat purchase, additional baggage allowance purchase, advanced seat selection and combined bookings for flights, car hire and travel insurance.

We are successfully introducing Next Generation Check-in, and it will progressively be rolled out around major domestic ports. With our new Q Card Readers, Next Generation Check-in will be as simple as a flick of a card, and we're also simplifying the bag drop process.

Our Qantas 'refresh' project is about redefining the Qantas signature at home and in the world – one that is modern, caring, distinctive, contemporary and consistent.

**Cabin:** We are creating a seamless Business Class offering. We'll be investing millions to upgrade the cabin and seats on nine B747s, which will bring them in line with our A380s. Over the coming year our domestic fleet will be revamped with a new look Business Class product.

## On-board:

New domestic Business Class menus will be designed by our Qantas consultant chef Neil Perry to be more consistent with our international offering. A new inflight entertainment format is also being introduced.

**Lounges:** We have one of the world's best domestic airline networks and our international lounges designed by Marc Newson set the benchmark for global excellence. We will be undertaking a significant refresh of Qantas Club lounge facilities, with our domestic Business lounges modelled on our international Business lounges. Neil Perry will design the food menus.

Our enhanced Qantas Frequent Flyer program now has 7.2 million members and continues to offer major opportunities for the Group to win and reward loyal customers.

## Jetstar

With Jetstar, the goal is to create the best low fares airline in the world, which is all about sustainable growth and being true to the positive and energetic values of the brand. For example, this year Jetstar was the first airline in the world to trial the iPad as an inflight entertainment system.

Jetstar has now carried more than 50 million passengers since taking off in 2004, with more than half of them travelling for under \$100. It is now well placed in Asia through Jetstar Asia, which is based in Singapore, and Jetstar Pacific in Vietnam. It has a real opportunity to achieve more.

## Our people

This year our people continued to excel: from exceptional customer care during the volcanic ash crisis, through to delivering a world first new check-in system, they have gone above and beyond. On behalf of the leadership team I want to acknowledge and thank everyone for their efforts.

**ALAN JOYCE**

# Financial Performance

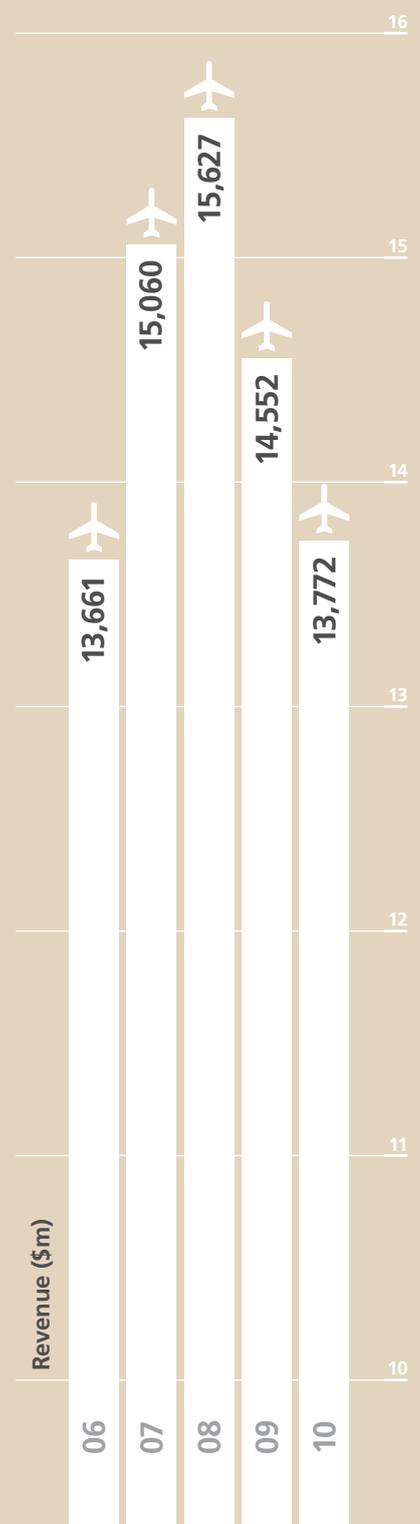
**Revenue \$13.8 billion**  
**Underlying Profit Before Tax \$377 million**  
**Operating cash flow \$1.3 billion**  
**Cash held at year end \$3.7 billion**

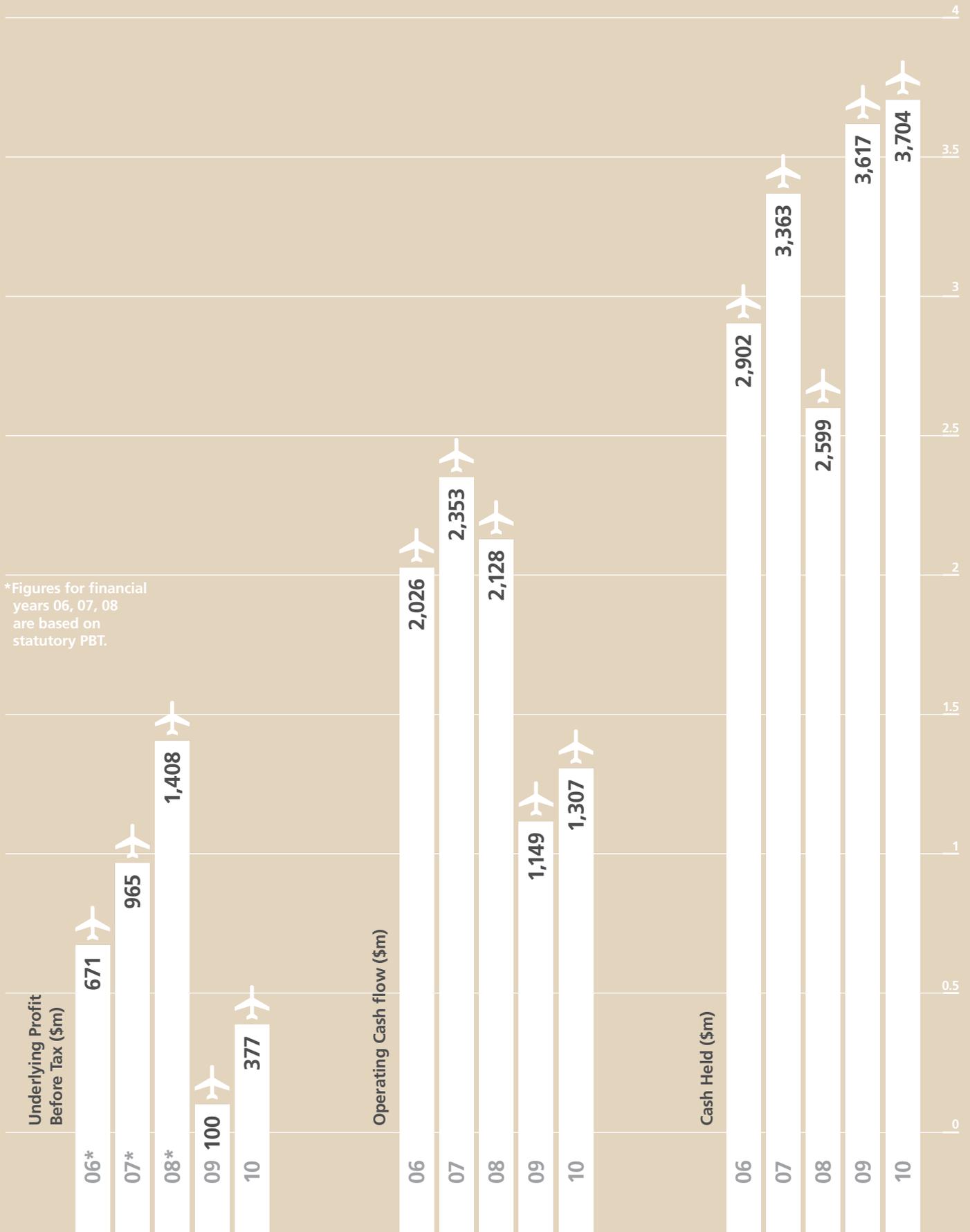
In 2009/2010 the Qantas Group delivered a strong result and demonstrated that it is well-positioned for future growth. Underlying Profit Before Tax (PBT) tripled. Liquidity was strong with \$3.7 billion in cash, supporting an ambitious ongoing program of investment in fleet, product and service. Revenue was \$13.8 billion and operating cash flow \$1.3 billion. Significant cost savings were achieved. The QFuture program exceeded its target with benefits of \$533 million and unit costs (excluding fuel) were down by 4.3 per cent across the Group.

The Group continued to deliver against its strategic priorities:

- Safety as number one priority
- Optimising the two flying brands: Qantas and Jetstar
- Transforming the international business
- Profitably building on 65 per cent domestic market share
- Enhancing the customer experience
- Maximising the value of portfolio businesses and investments
- Engaging people and developing talent

This year's result reflects the success of the Qantas Group's two airline brands and portfolio strategy. With all segments profitable, the Group has a platform for sustainable growth as operating conditions improve.





\* Figures for financial years 06, 07, 08 are based on statutory PBT.



Safety First 

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# Safety is the Qantas Group's first priority.

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**At the heart of our business is an unwavering commitment to world's best safety practices and reporting.**

## **Flying safely**

The Qantas Group is internationally respected for its dedication to safe flying operations.

Qantas carries the International Air Transport Association's (IATA) Operational Safety Audit Certification and is subject to rigorous biennial reviews to secure its renewal, most recently during 2010.

Each year Qantas invests \$1.4 billion in engineering and maintenance to ensure that the highest standards of operational safety and performance are upheld. Our on-time performance and reliability are testimony to the work done by our engineering workforce and the expertise of our pilots.

We respond conservatively to any mechanical or performance issue and always put safety before schedule. Qantas meets, and in many cases exceeds, all its obligations to regulators, including the Civil Aviation Safety Authority (CASA) and many other international authorities. As with IATA, these regulators audit Qantas thoroughly and frequently.

## **Safety management**

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

Across the Qantas 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. We measure safety performance against key metrics and recognise employees who demonstrate safety excellence.

## **Security**

The Qantas Group does not compromise when it comes to the security of our operations, customers and staff. We work closely with Australian Government agencies in Australia and overseas to assess and respond to security issues when they arise and ensure that policy and regulatory changes are implemented effectively.

Political issues with the potential to impact the Group – such as the civil unrest in Bangkok in early 2010 – are managed through heightened threat monitoring and assessment processes, security coordination on the ground and operational contingency plans.

Qantas special events, such as the Formula 1™ Australian Grand Prix and Qantas Socceroos events in Australia and at the FIFA World Cup, are protected by carefully planned security operations.

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### Occupational health and safety

The Qantas Group's Occupational Health and Safety (OHS) programs help us work towards our goal of zero injuries through effective systems, a healthy and safe work environment and a strong safety culture. Business units have tailored the OHS management system to their risk profiles and operational needs

A health surveillance program monitors workplace conditions and emerging risks. This program includes environmental monitoring and health assessments for relevant employee groups.

### Performance

The Qantas Group has been using Lost Time Injury Frequency Rate (LTIFR) as a primary indicator for OHS performance since 2001, resulting in an 85 per cent reduction over this time. Performance indicators and targets are continually under review to ensure management has the right information to improve OHS performance.

Commencing in 2010/2011, we will transition to Total Recordable Injury and Lost Work Case Frequency Rates as part of the Qantas Group's continued commitment to more meaningful measurement of injury prevention performance. This transition aims to improve the visibility of Qantas Goup workplace incidents.

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### Performance highlights:

- **Lost Time Injury Frequency Rate reduced from 31.7 (2001/2002) to 4.3 (2009/2010)**
  - **No workplace fatalities in 2009/2010**
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## Managing the ash cloud

### The eruption of the Eyjafjallajökull volcano in Iceland on 15 April 2010 had an unprecedented impact on airlines around the world.

For Qantas, it shut down our European services for six days, impacting over 15,000 customers.

We immediately activated our Crisis Management Centre, where a dedicated team of Qantas employees from across the business managed our response and recovery operations.

Our Integrated Operations Centre (IOC), Qantas' 24-hour hub for operational planning and control, was vital in developing and implementing a coordinated approach. From the IOC, Qantas' flight dispatch and flight operations teams and Qantas Meteorology remained in constant contact with the

relevant air traffic control authorities in Europe, monitoring the level of ash concentration and related airspace restrictions.

Qantas' experience in planning and operating services safely in areas of known volcanic activity – 90 per cent of our international operations traverse such areas – was invaluable in informing our response to the situation.

Throughout the period of disruption, we put our customers first. Operational teams worldwide, along with our specialist crisis teams, gave humanitarian support to customers stranded away from home and provided assistance in key airports.

Securing accommodation for these passengers was essential. In total, Qantas provided over 15,000 room nights in over 50 hotels, across six countries.

After carefully considering all relevant factors, and close liaison with European authorities, Qantas resumed all services between Europe and Australia on 21 April.

Directly and indirectly, our customers have told us that we exceeded their expectations, giving a tangible demonstration of our commitment to customer care and safety.

**"I wanted to let you know how impressed I was with your team's handling of the situation caused by the closure of UK airspace. Your employees took the time to keep the communication lines open and ensure we were able to travel back as a matter of priority. It was very much appreciated when I know how much pressure they must have been under."**

JONATHAN NYE  
QANTAS PASSENGER

*Qantas Empire*

*Airways*

B-O-A-C

BRITISH AIRWAYS CORPORATION



**SYDNEY  
TO LONDON**

*By Air*

**Sustainable Operations** ▶

# We've been part of Australian life for 90 years.

**Qantas has succeeded for 90 years. Our achievements have been based on scrupulous attention to our core safety values, alertness to business risks and opportunities, a culture of innovation, and a genuine commitment to the Australian community which we serve at home and represent throughout the world, and which has supported our endeavours.**

Aviation is recognised as one of the world's most difficult industries. It is not straightforward. Even during the best of economic times, producing superior industry returns is a challenge. Aircraft ownership carries steep, fixed costs. Variable expenses, in particular fuel and labour, constitute a disproportionate share of costs and can be difficult to control. Aviation is very sensitive to the

ups and downs of economic cycles, and prone to sudden shocks caused by environment, health and security issues. The industry has grappled with over-capacity for many years, with increasing competition from lower cost and often government-supported airlines.

So at Qantas we never take our position for granted, and our approach to sustainability continues to evolve.

Sustainability issues, performance and programs are integrated throughout this Annual Review. The Qantas Group's Risk Management Framework establishes a common approach for identifying, assessing and managing risks and this is supported by the wider Corporate Governance framework to ensure the protection and enhancement of shareholder value.

## Sustainability frameworks

The Qantas Group draws upon voluntary sustainability frameworks such as the Global Reporting Initiative G3 Sustainability Reporting Guidelines.



- We are included in key responsible investment indexes: the Dow Jones Sustainability Index (DJSI) Asia Pacific, and the FTSE4Good Global Index and Australia 30 Index
- In 2009 Qantas came equal 5th in the Best Environment, Social, Governance (ESG) disclosures category at the 2009 Australasian Investor Relations Awards

Key sustainability metrics can be found on pages 107 to 114 of the Annual Report. Supplementary investor sustainability information can be found in the Qantas Data Book, available from [qantas.com](http://qantas.com)



# Sustainable Operations

For the Qantas Group, sustainability is about managing short-term and long-term risks, seizing opportunities, and doing things right for our shareholders, our customers, our people and our community.

## Industry challenges and opportunities

Maintaining the highest standards of safety

Developing resilience to financial cycles and realising investment opportunities

Adapting business strategy to manage changing economic conditions

Remaining competitive in a challenging and volatile industry context

Pursuing growth opportunities in emerging markets

Engaging with stakeholders and regulators across multiple markets

Responding to unexpected shocks and crises

## Examples of how the Qantas Group responds

— Commitment to safety as first priority, underpinned by industry-leading policies, systems and training

— 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

— Two flying brands strategy to adjust capacity, pricing and market segmentation as the market moves up or down  
— QFuture transformation program to increase responsiveness

— 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 the 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 (eg AirAsia); Customer Charter established

— Qantas alliance relationships with carriers in emerging markets (eg LAN and China Eastern)  
— Jetstar pan-Asian strategy including Jetstar Pacific (Vietnam) and Jetstar Asia (Singapore)

— Strong stakeholder relations, with active participation in government and industry consultations and senior representation in industry associations (eg IATA)  
— Comprehensive Group Policy Framework guiding compliance with laws and regulations in the countries in which the Group operates

— Purpose-built Crisis Management Centre with detailed crisis management plans  
— Scenario planning supplemented by simulated crisis training exercises

### Industry challenges and opportunities

Managing currency and fuel price fluctuations

Exploiting new technologies

Enhancing brand strength and customer advocacy

Operating in an environmentally sustainable manner and managing carbon risk

Developing human capital and engaging employees

### Examples of how the Qantas Group responds

- Award-winning Treasury function
- Hedging, including options, to enable participation when oil prices are low and protection when oil prices are high

- Breakthrough product and service innovations such as Next Generation Check-in
- Commitment to technologically advanced aircraft (eg Airbus A380, Boeing 787)

- Detailed customer research to drive improvements and advocacy
- Extensive program of sponsorships and charitable giving through staff initiatives and Qantas Foundation
- Industry partnerships to promote tourism, business and events

- Fuel efficiency program, investment in advanced technologies and fuel efficient aircraft, air traffic management leadership, sustainable aviation fuel development
- Advocacy on legislative, regulatory and commercial issues
- Carbon offset schemes, partnerships with environmental organisations and engagement with employees
- Proactive approach to carbon readiness in advance of regulatory/legislative requirements

- Leadership programs for top 100-500 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



**Strong Complementary Brands** ▲

# The Qantas Group carried 41.4 million passengers in 2009/2010.

Our two-brand strategy enabled us to respond quickly and decisively to the global economic downturn, and in 2009/2010 helped us achieve renewed growth and lay the foundation for continued sustainable profitability.

A diverse portfolio of assets gives the Qantas Group stability of earnings and the capacity to apply leverage in different sectors of the market. An investment-grade credit rating supports the renewal of our fleet, infrastructure and product, and we maintain liquidity through a strong operating cash flow.

Domestically, the combination of Qantas and Jetstar is key to the Qantas Group maximising its share of the Australian aviation market. In regional Australia, QantasLink connects tourism and business centres using a state-of-the-art fleet, across a network of over 50 destinations.

Internationally, Qantas is ranked among the world's leading airlines, with a reputation for operational excellence and quality of product and service.

The Jetstar brand is now established and increasingly popular across Asia, Australasia and the South Pacific, with ambitious plans to grow further as its fleet increases in size.

Alongside the core flying brands, Qantas Frequent Flyer and Qantas Freight open up further revenue streams for the Qantas Group, enhancing our ability to adapt to changing market conditions.

Qantas' alliance network gives our customers access to a range of high-quality airline partners, providing extensive codeshare services in Europe, North America and the Asia-Pacific.

#### How the two-brand strategy works

In 2009/2010 Qantas and Jetstar operated jointly on 26 routes in Australia and internationally. Clear brand definition and differing customer demands make these parallel services a competitive advantage for the Qantas Group. Where it is more viable for one carrier to operate than both, we have the option of deploying the airline that is best suited to market conditions and passenger demand, and which will deliver the best returns.

#### Domestic routes

Strong demand across the spectrum – from low-cost leisure to premium business – allowed Jetstar to join Qantas on 22 routes within Australia, including Sydney-Melbourne and Melbourne-Brisbane, helping protect our share of the domestic market.

#### New Zealand

Shifting demand patterns in the New Zealand domestic market saw Jetstar replace Qantas in providing these services. Meanwhile, both carriers operate trans-Tasman flights, catering to high-density business and leisure travel.

#### Japan

Jetstar took the lead on the Qantas Group flying to Japan as the economic slowdown hit the country – however, increasing demand at both ends of the market saw Jetstar relaunch Cairns-Osaka flights and Qantas increase capacity on Sydney-Tokyo services in 2009/2010.

#### Indonesia

Qantas operates services to Jakarta, Indonesia's centre of business and government, while Jetstar serves both Jakarta and the resort island of Bali.




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## Qantas is a full-service, premium carrier. In 2010 we were again named one of the world's top 10 airlines in the SkyTrax World Airline Awards.

We deliver world-class product and service across a comprehensive domestic and international network. Our approach to operational safety is uncompromising.

Qantas operates over 2,300 flights a week within Australia and over 600 flights a week internationally. In 2009/2010 we completed more than 150,000 flights.

Within Australia, improving demand has enabled us to increase capacity on domestic routes, and we are investing strongly in our terminal infrastructure in key hubs, including Canberra and Perth. The introduction of new Airbus A330-200 aircraft into the domestic network, offering state-of-the-art seating and inflight entertainment, has improved Qantas' offering on key sectors.

The phased introduction of the award-winning A380 on core international routes to the UK and North America has upgraded both capacity and product on these services, and we are also increasing capacity to South Africa and on some Asian routes. Qantas was the second airline to bring the A380 into service, and the aircraft remains the centrepiece of our fleet renewal program, together with the Boeing 787. No other airline operates the A380 on the trans-Pacific route between Australia and the USA.

Our expert consultants – from designer Marc Newson to chef Neil Perry – represent the best of Australia and help us achieve the highest standards of quality on the ground and in the air.

In 2009/2010 we consolidated and expanded our codeshare with British Airways (BA), both on Joint Services Agreement (JSA) routes between Australia and the UK and on services between London and Europe. We also expanded codesharing with China Eastern to include services to Shanghai from Singapore and

on domestic flights within China. The **oneworld** alliance, of which Qantas is a founding member, is rated the leading global airline grouping.

Moving into 2010/2011, Qantas is concentrating more than ever on ensuring exemplary product and service for customers in every part of the business. This effort is about delivering the best of Qantas, across all of Qantas.

By listening carefully to our customers, we are striving to improve every aspect of the travel experience. In the past year, we have introduced a number of new features to give customers more control and flexibility, and we are moving forward with a major project to enhance the pre-flight experience: Next Generation Check-in (see p.54).

Renewing Qantas is the key to delivering a fresh and enjoyable experience for each successive generation of travellers. Through these initiatives and others, we are seeking to make Qantas a genuine next generation premium airline, and to define a Qantas brand that is modern, caring and distinctive.




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### On-time performance

We continue to lead the domestic market for on-time performance. In 2009/2010 Qantas was ranked first among the major domestic airlines in on-time departures for nine of the 12 months and first in arrivals for 10 of the 12 months. Punctuality and reliability are key factors in customer satisfaction, and we work hard at maintaining the high performance standards Australians expect of us.

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**Australian International Design Award 2009 for the A380 Economy Seat**  
**Best Long Haul Airline, 2009 ULTRAS (UK Daily Telegraph)**  
**Best Airline Australasia, 2009 Skytrax World Airline Awards Aviation Category**  
**Condé Nast Traveller Innovation and Design Awards 2009 for A380 design**  
**Best Airline Accessory, Cutlery for Qantas, Wallpaper Design Award 2009**  
**Chicago Athenaeum Good Design Award for the First Suite in 2009**  
**SkyTrax Best Premium Economy Class Seat 2010**

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## Aircraft configuration: meeting customer demand

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The premium travel market is changing fundamentally – a trend that pre-dates the 2008/2009 financial crisis.

The aircraft configuration program we announced in February 2010 is our response to this evolving market. It is a \$400 million investment over three years in upgrading nine B747 aircraft and reconfiguring our A380 fleet to enable us to meet forecast changes in passenger demand, maximise yields and generate revenue and investor returns.

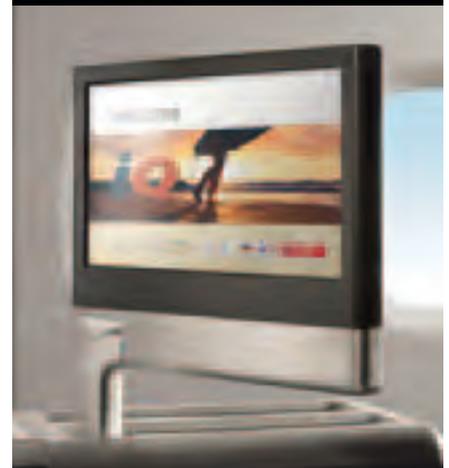
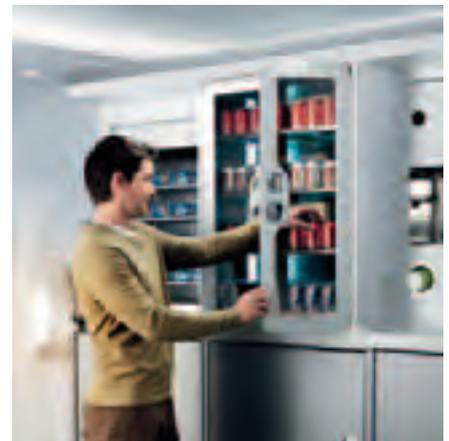
Overall, the reconfiguration will see capacity equivalent to more than three B747s being added to the Qantas fleet. It will result in a 20 per cent increase per passenger in the amount of First and Business cabin space available to Qantas customers, while Premium Economy capacity on our long-haul fleet will grow by 27 per cent.

By upgrading the cabin and seat product on our B747s, we will give all our long-haul customers access to an A380-standard flight experience – building on outstanding passenger satisfaction with the A380.

In adjusting the balance of seating classes on both types of aircraft, we are ensuring that our international flying capacity is better matched to demand patterns and more competitive on core routes.

We remain committed to First Class travel, and 12 of our A380 aircraft will continue to feature our award-winning First Suites. On the remaining eight A380 and nine B747 aircraft, Business, Premium Economy and Economy capacity will be more closely matched to market expectations.

Aircraft reconfiguration is part of our overarching QFuture program, a business efficiency drive that covers all aspects of Qantas activity.






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## QFuture

Underlying our dedication to high performance is a three-year business transformation program, QFuture, aimed at equipping Qantas for sustainable growth in an increasingly competitive operating environment.

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### Engineering supply chain

- Reviewing maintenance contracts and seeking to change business models and/or work with suppliers to identify improvement opportunities
- Looking at material logistics across inventory procurement and repair processes as a means of conserving cash within the Qantas Group
- Reviewing warehousing requirements to ensure space is optimised
- IT enablement project to ensure that the right amount of inventory is stored in the right location around the network and improving inventory availability through statistical analysis

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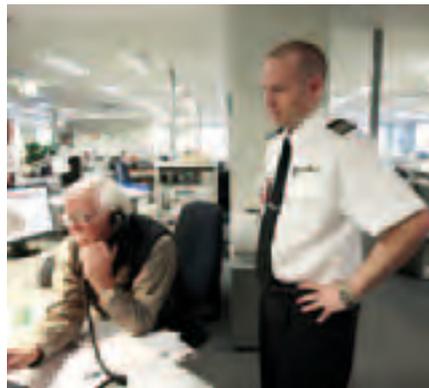
### Aircraft utilisation and scheduling

- More efficient approach to aircraft utilisation and scheduling with aircraft type and capacity better aligned to demand
- Reducing the time aircraft spend on the ground, creating opportunities for increased capacity and domestic or international growth, and more effective use of long aircraft layovers overseas
- In 2009/2010 upgraded Sydney-Tokyo services from A330 to B747, announced a seventh daily Sydney-Johannesburg service and improved connectivity for services through Hong Kong
- A330-200 aircraft brought into service on domestic network to increase capacity and upgrade product

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### Alliances

- Developing and leveraging alliances to improve Qantas' position in key markets
- Identifying opportunities to add depth to Qantas' network, attract new customers and generate revenue
- In 2009/2010 expanded codeshare relationship with BA on sectors between London and Europe, and extended Joint Services Agreement with BA on Australia-UK routes
- Added seven new Chinese cities to domestic codeshare arrangement with China Eastern and began codesharing on China Eastern services between Singapore and Shanghai
- Building partnerships to growing markets such as India, South America and Russia



QFuture was launched in July 2009 as an integral part of our Strategic and Financial Plan, targeting benefits of \$1.5 billion over the three years to 2011/2012. QFuture is about:

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

A range of QFuture projects are underway across all areas of the business. In 2010 reviews were introduced to identify further strategic initiatives, highlight improvement opportunities and help business areas work towards unit cost reduction.

The first two reviews, undertaken in Customer and Marketing and Airports, resulted in a range of opportunities

being added to the QFuture agenda and further reviews are planned over the next financial year. In 2009/2010 QFuture projects delivered benefits of \$533 million, exceeding expectations.

## Procurement transformation

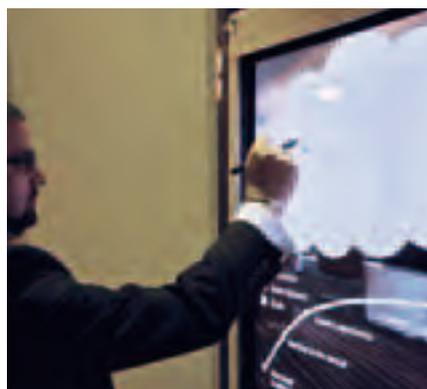
- Improving strategy, governance, organisation, performance measurement and reporting across Qantas Procurement
- Adopting leading practice sourcing and category management processes
- Implementing new procure-to-pay technology and processes to drive operational efficiency
- Working to improve the procurement experience for Qantas buyers and suppliers

## Business Information Solutions (BIS) transformation

- Targeting \$100 million in cost savings from improvements in IT service delivery
- In 2009/2010 completed desktop and end-user computer transition to Fujitsu, resulting in broader range of products, better user experience and lower unit costs
- Commenced roll-out of improved email platform to enhance employee communication, and implemented changes to program delivery services to better meet business demand
- Structural and cultural changes to develop and engage employees, infrastructure and delivery changes to enhance operational efficiency

## Office consolidation

- Major refurbishment of Qantas' Mascot campus, commencing in late 2010
- Modern, open-plan office environment for a consistent look and feel and a better working environment for employees
- Energy efficient design will support environmental targets and reduce energy costs
- Communal spaces to encourage collaboration among Qantas employees working in and visiting the Mascot campus






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## QantasLink plays a vital role in providing air services for communities and businesses in regional Australia.

A \$600 million investment in 21 next generation Bombardier Q400 regional aircraft has delivered a superior product to QantasLink customers, capacity growth in core markets and enabled expansion into new destinations.

QantasLink operates 2,000 flights a week across 54 destinations in Australia, plus Port Moresby in Papua New Guinea, and carries 4.3 million passengers a year.

During 2009/2010 QantasLink added significant capacity in Queensland and NSW, and launched new services to Port Lincoln. We also launched our first

international route, between Cairns and Port Moresby, to cater to strong business travel demand.

QantasLink's commitment to regional Australia goes beyond air services. To support our new Adelaide-Port Lincoln service, we have established a cabin crew base in Adelaide.

QantasLink has invested strongly in its heavy maintenance base in Tamworth, which now hosts Q400 maintenance, and we sponsor a wide range of regional sporting and cultural events across Australia, as well as supporting the

Qantas Group's broader contribution to domestic tourism promotion. In total, QantasLink provides direct employment for more than 1,100 people in metropolitan and regional centres.

The QantasLink network, and QantasLink customers, are fully integrated with Qantas' global network through intrastate, interstate and international connections; access to the Qantas booking system and qantas.com; Frequent Flyer and lounge benefits; and affiliation with the **oneworld** alliance.




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## Grew the Q400 fleet to 21 flagship aircraft, serving 54 destinations in Australia plus Port Moresby in PNG.

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**The Qantas Frequent Flyer program is a key asset for the Qantas Group. It is Australia's premier coalition loyalty program, allowing members to combine points from flying, credit or debit card spend and retail spend into a single account.**

Qantas Frequent Flyer members can accumulate points on flights with Qantas, with Jetstar and with 25 codeshare or oneworld partner airlines, drawing on the Qantas Group's strategic alliance relationships.

More than 480 Qantas Frequent Flyer partners across a range of categories enable members to earn points in return for everyday expenditure, such as groceries.

The year-old partnership between Qantas Frequent Flyer and Woolworths gives members unprecedented scope to earn points.

During 2009/2010 Qantas Frequent Flyer strengthened its links with direct earn credit card partners such as ANZ, American Express, Citibank, Commonwealth Bank, Diners Club, National Australia Bank, St George and Westpac.

Qantas Frequent Flyer also provides members with flexibility in redeeming points, offering a range of options for booking seats. Points can be used for upgrade requests, transferred between family members or to purchase over 1,200 products and experiences from the Qantas Frequent Flyer store. We are constantly seeking new ways to increase this scale

and flexibility and enhance the value our customers get from their Frequent Flyer earnings.

In 2009/2010 more than 1.4 million new members joined Qantas Frequent Flyer, taking the total number of members to 7.2 million.



**Reached 7,000,000  
Qantas Frequent Flyer  
members in 2009/2010.**



**Jetstar's growth in Australia, New Zealand and across the Asia-Pacific region reflects the success of our dynamic, low fares brand. We provide efficient, frequent services across a wide network of leisure destinations, operated by a modern fleet.**

Six years after launching Australian domestic services Jetstar offers 2,350 flights a week within Australia, New Zealand, Asia and internationally. The Jetstar network includes 52 destinations, and in 2009/2010 Jetstar carried 14.6 million passengers (excluding Jetstar Pacific).

Jetstar offers more than 1,300 flights a week to 30 destinations on its domestic short-haul network within Australia and international services from Australia.

The expansion of the Jetstar brand into Asia, from Jetstar Asia's growing Singapore hub and with Jetstar Pacific in Vietnam, has seen it drive the emergence of low-cost travel in the world's fastest-growing region.

**Domestic and international expansion**

In late 2009 Jetstar announced a major expansion of domestic capacity supported by the addition of four A320 aircraft, equating to the introduction of an extra 700,000 seats per year. On the Jetstar international network, we relaunched a four times weekly service from Cairns to Osaka and commenced operations between Sydney and Fiji, while our services to holiday destinations such as Bali, Phuket and Honolulu remain consistently popular.

Since replacing Qantas in operating New Zealand domestic services in June 2009, Jetstar has established itself rapidly in the market. We offer up to 84 return services each week between Auckland,

Wellington, Christchurch and Queenstown and will have eight A320 aircraft based in New Zealand by early 2011.

Jetstar continues to place a strong focus on using technology to improve the passenger experience, with SMS boarding passes to be introduced across our Australian and New Zealand domestic networks – adding to our existing web check-in options and self-service kiosks at the airport. We have also announced plans to introduce the iPad for inflight entertainment across our network in Australia, operations from Australia and potentially beyond. Our 10-point customer charter – the 'Jetstar Customer Guarantee' – underlines our commitment to matching low fares with outstanding service.



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## Carried more than 50 million passengers since 2004, with more than half travelling for under \$100.

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### Pan-Asian strategy

Jetstar Asia's operations have benefited from substantial investment, with an additional three A320 aircraft allocated to our Singapore hub to support pan-Asian growth, including the commencement of services into mainland China. This has supported a 46 per cent increase in passenger numbers through Singapore. From late 2010 this growth strategy will extend to long-haul flying. New services out of Singapore to Melbourne and Auckland will be operated by two dedicated A330 aircraft and create 200 new jobs.

Jetstar is also developing strategic airline partnerships. In January 2010 we announced a groundbreaking non-revenue partnership with AirAsia. In June 2010 we further grew our interline agreements with Air France-KLM, enabling seamless ticketing across both airlines' networks – the first such agreement covering all Jetstar airlines signed with a full service carrier outside Qantas.



## Qantas Freight

Following the slowdown in global volumes associated with the economic downturn, Qantas Freight has seen a steady recovery in 2009/2010 and is laying the foundations for future sustainable growth.

This is being achieved through an internal efficiency and transformation program – Freight Futures – and a renewed emphasis on customer service delivery.

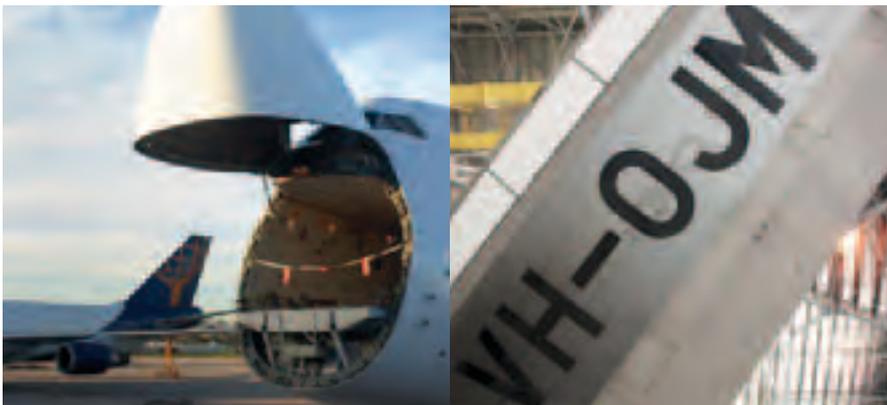
In 2009/2010 we carried out a \$40 million replacement of legacy IT systems with a cargo-specific system, iCargo; achieved our highest ever customer satisfaction ranking and an Air Cargo Excellence Award; and joined the IATA-sponsored Cargo 2000 organisation, an industry initiative to implement a new quality management system for the sector.

Qantas Freight is ideally positioned to tap into economic growth in the Asia-Pacific region. Around 50 per cent of our revenue is now derived from freight

traffic from Asia, with much of this passing through Shanghai, our primary hub in the region.

Our trans-Tasman services are operated by a combination of scheduled Qantas and Jetstar passenger flights and a dedicated freighter, while domestically our two joint venture companies – Australian air Express and Star Track Express – offer extensive air and road freight options for Australian businesses.

We are also investing strongly in infrastructure, including our terminals in Brisbane, Melbourne, Perth, Sydney and Los Angeles. Our state-of-the-art terminal facilities in Melbourne, redeveloped during 2009, have significantly improved our storage and handling capability.



Qantas Freight achieved its highest ever customer satisfaction rating.

## qantas.com and online channels

qantas.com averages eight million visits each month.

The website remains Qantas' primary booking channel and Australia's number one travel site. It was redesigned during 2009/2010 for better functionality and a more attractive look.

In 2009/2010 qantas.com introduced a 'Price Promise' on hotels, car hire, activities and transfers, providing customers with guaranteed low rates for these products. Interline selling continued to expand, so customers can now search and book flights to 65 destinations in Australia and over 190 destinations around the world with Qantas, Jetstar, oneworld alliance airlines and more than 35 other carriers.

Other new features include:

- Exit row seat purchase
- Additional baggage allowance purchase
- Advanced seat selection
- Combined bookings for flights, car hire and travel insurance

Mobile functionality has also been expanded and the options available to Qantas Frequent Flyer members increased.

**In 2009, for the third year in a row, qantas.com was named Australia's Number One Website in the 'Aviation – Commercial Airlines' and 'Travel – Transport' categories by Hitwise.**



## Qantas Aviation Services

**Qantas Aviation Services provides below the wing support services to Qantas Airlines, including ground handling, ground support equipment maintenance and aircraft cleaning services throughout Australia.**

The business' largest operating company is Qantas Defence Services (QDS) – ranked Australia's best large defence contractor in the Defence Materiel Organisation's Industry Scorecard for the past two years.

QDS works closely with the Royal Australian Air Force (RAAF) across several programs and aircraft fleets, providing deep maintenance, logistics support and engine support.

A key achievement in 2009/2010 was securing a \$136 million, three-year extension to our maintenance and support contract for the RAAF's C130H Hercules fleet.

QDS is also performing A330 tanker conversions for Airbus Military and has been awarded the contract for through-life support of the tankers once they enter service with the RAAF.

### Our tanker conversion project

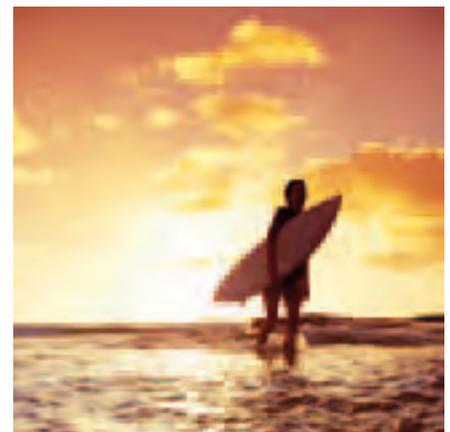
A group of 170 specialist Qantas engineers is converting four A330-200s to Multi Role Tanker Transport (MRTT) aircraft with air-to-air refuelling capability, on behalf of the European Aeronautics and Defence Space Company (EADS) for the Royal Australian Air Force. This refined engineering capability is unique to Qantas in the Asia-Pacific region.

## Jetset Travelworld Group

**The Qantas Group holds a 58 per cent share in Jetset Travelworld Group (JTG).**

JTG, an integrated travel business, provides wholesale, retail and specialist business travel products and services across Australia, and includes the Qantas Holidays and Qantas Business Travel brands. In 2009/2010 we gave our support to a proposal to merge JTG and Stella Travel Services.

If approved by shareholders and regulatory authorities, the merger will create a more competitive business, better able to strengthen branding and online content, identify cost and revenue synergies and invest in market development.





Great People 

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# 35,700 people 250 unique roles 55 languages 92 nationalities

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The Qantas Group employs 35,700 people across 250 unique roles, with 93 per cent of them based in Australia. We are a first-class employer and the leading aviation trainer in the country.

## Our approach

Our goal is to deliver a great place to work, provide training and development for our people, and harness their passion and advocacy in support of our brands.

Our workforce is extraordinarily diverse, with roles ranging from pilots to cabin crew, professional and technical engineers to aviation information analysts, fuel hedging specialists to meteorologists, and with areas such as baggage and catering that employ Australians right across the country.

A focus in recent years has been to increase the number of Indigenous Australians in our workforce. By June 2010 we had 300 Indigenous employees within the Qantas Group.

Qantas is the leading aviation trainer in Australia and among the most respected in the world. We provide extensive in-house training and work closely with leading education and training institutions:

- Our 2,282 Qantas mainline pilots do more than 33,000 hours of annual training in our state-of-the-art aircraft simulators
- We have 385 Qantas and QantasLink engineering apprentices

- Approximately 19,000 employees have undertaken our eXceptional service training in our purpose-built Centre of Service Excellence since December 2008

- The Qantas Graduate program has taken in 102 recruits over the past three years and their training will provide the next generation of aviation executives

The Qantas Group has developed a People Strategic Plan that aligns to broad Group strategy and is focused on:

- Building a strong culture that engages our employees and is conducive to lasting change
- Developing leadership capability across all levels of the organisation
- Supporting our diverse and ageing workforce

Strengthening engagement with our people remains a 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.

Developing leadership capability at all levels demands an updated approach to managing performance. We are investing in the development of leadership, feedback and coaching skills for all our managers. The aim is to give all leaders, managers and front-line supervisors a common approach to managing people at Qantas and to bring out the best in everyone.



**With an ageing workforce, and intense competition for talent, it is important to provide safe, healthy workplaces and to encourage healthy living.**

A Board Committee – the Safety, Health, Environment and Security Committee – oversees Group-wide health policies, reflecting their importance to our customers and people.

**For employees at Qantas, key benefits and well-being initiatives include:**

- 12 weeks' paid maternity leave (including adoption) and up to two years' unpaid parental leave for the primary care-giver, consistent with Australian best practice
- One week's paid paternity leave (including adoption)
- Up to 15 days' paid personal/carer's leave per year
- Access to affordable, high quality, award-winning employer-sponsored childcare centres in Melbourne, Sydney and Brisbane
- Salary sacrifice programs (such as superannuation and motor vehicles)
- A Health and Wellbeing Program that includes Weight Watchers at Work and on-site group exercise classes. Over 1,300 employees participated in the Global Corporate Challenge walking event in 2010
- Our Employee Assistance Program, a self-referral counselling program
- Opportunities for reduced airfares
- A fully subsidised flu vaccination program for our employees
- Alcohol and other drugs programs including random testing and referral services
- Fatigue management measures which include comprehensive policies, practices and procedures

**Women in the Qantas Group**

- Women comprise 41.7 per cent of our total workforce (up from 40.4 per cent in 2005)
- 22.6 per cent of women employees occupy senior roles
- Retention rate for women returning from maternity leave was 97 per cent and 100 per cent for female pilots
- Women represented 75 per cent of the total 2010 Graduate intake (compared to 43 per cent in 2009)

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## A spirit of service

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**The Qantas Special Assistance Team, known as SAT, comprises approximately 900 volunteer employees from the Qantas Group around the world who give their time, skills and compassion to help us provide humanitarian care during a crisis.**

We have activated the SAT for crisis events including the Bali bombings in October 2002 and October 2005, the Boxing Day 2004 Asian tsunami, Cyclone Larry in April 2005, and in situations where turbulence has caused injuries to customers or employees. SAT members may be required to arrange medical care and counselling, repatriation and escorting, and hotel and hospital visits.

Volunteers come from every level of the organisation, including senior management, and a broad range of cultural and religious backgrounds. Often working under great pressure, with tight time constraints, and out of their normal working environment, these volunteers are the key point of contact between the Qantas Group and people affected by a

crisis, including our customers, crew, people on the ground, and families.

Members undergo two days of initial training, with course content researched from other airlines and industry standards. This is supplemented annually with refresher training.

The SAT was activated in 2009/2010 during the volcanic ash incident. James Kassimatis was one of those deployed to Bangkok to assist a very small team care for several hundred stranded customers.

"To say the experience was amazing would be an understatement," says James. "As a Special Assistance Team member in a deployment, you are the face of Qantas. From a customer's perspective, you are Qantas... Families, the sick, the elderly, the lonely, the angry,

the you-name-it, all come together and by the end of the adventure you know them all by first name and their story. I have never before received a standing ovation, consoled crying strangers and been hugged and kissed by customers..."

For James and other SAT members, deployment during a crisis situation means long working hours and stressful conditions.

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**"SAT is truly the most rewarding challenge I have ever experienced at Qantas. The skills and experience will be an incredible asset for the rest of my career."**

JAMES KASSIMATIS



Superior Infrastructure 

# Superior infrastructure is fundamental to Qantas Group operations.

We have a fleet of 254 aircraft and an ambitious fleet renewal program. Our engineering and maintenance capabilities ensure safe, reliable performance. Our global network of 14 international lounges includes our inspirational First Lounges, while at home we are the only airline to offer multi-tiered domestic lounges.

## Fleet

Fleet renewal is essential to aviation success. Investing in new aircraft drives improvements in safety, passenger comfort, cost, fuel efficiency, noise, emissions, freight capacity and range capability.

The Qantas Group retains substantial flexibility in its fleet order book by having a mix of owned aircraft and leases, and a progressive order stream that enables both deferrals and advancements.

At 30 June 2010, the Qantas Group, including Jetstar Asia, operated a fleet of 250 passenger aircraft plus four dedicated freighter aircraft with a combined average age of less than 10 years. The Group wet-leased three Boeing 747-400s and one B767-200 freighter aircraft.

More than 150 new aircraft are planned for delivery over the coming eight years. This represents more than one new aircraft per month and 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 Airbus A380 and the B787 Dreamliner are central to the Qantas Group's wide-body fleet strategy. Qantas was the first airline to sign on for the A380 and is the second largest airline customer for the B787.

The A380 is replacing B747s on the mature dense routes of London and Los Angeles, and the fleet will grow to 20 over the next five years.

The B787 will be ideal for point-to-point flying on medium density routes, both short-haul and long-haul; facilitating Jetstar's growth into Europe and in Asia; operating Qantas services into Asia; potentially operating high traffic routes on the Qantas domestic network; and providing for the retirement of Qantas' B767 fleet.

The firm aircraft order delivery stream stands at 50 with the first B787 due to arrive in mid-2012. The first 15 B787s will be used by Jetstar for its international operations, allowing Jetstar A330s to be transferred to Qantas for use on high-density domestic routes.

The cornerstone of QantasLink's fleet renewal is the 72-seat turboprop Bombardier Q400, with QantasLink now operating 21 Q400s.

### Qantas Group Aircraft on order at 30 June 2010

Type	No.
A380-800	14
A330-200	5
B787-8	15
B787-9	35
B737-800	28
A320 Family	54
Q400	7
<b>TOTAL</b>	<b>158</b>



## Next generation flying – B787

### **The B787 will deliver considerable environmental and economic benefits.**

It will be able to fly a longer range compared to A330s, and therefore more point-to-point services, without the need to operate via hubs, a key advantage for Qantas and Jetstar as 'end of the line' carriers.

It will also offer an improved customer experience including larger windows, higher humidity and a lower cabin altitude pressure.

The B787-8 can seat approximately 300 passengers, while the B787-9 seats approximately 350 passengers.

Following the launch of the program in 2004, the first successful test flight for the B787-8 occurred in December 2009 (with Rolls Royce engines), marking the beginning of a test flight program that will see six B787 aircraft flying around the clock and around the world. The fifth test aircraft, fitted with General Electric engines (the engine type ordered by

Qantas and Jetstar), had its first successful test flight in June 2010. Certification Flight Testing and Federal Aviation Administration approval of the B787 type design is expected to occur in November 2010 with the first deliveries to customers to occur by early 2011, and the Qantas Group receiving the first of our 50 B787s in mid-2012.



**Total Passenger Fleet**  
 236 30 June 2009  
 250 30 June 2010

# Engineering

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Engineering makes a major contribution to the Qantas reputation for safety, reliability and performance.



With close to 6,000 people employed and 385 apprentices, engineering in Qantas is a complex business, requiring very high levels of skill and training, scrupulous quality assurance standards, excellence in supply chain processes, project delivery skills, and people management. Sophisticated engineering facilities in Avalon, Brisbane, Melbourne, Adelaide, Los Angeles, Tamworth and Sydney carry out aircraft maintenance, modifications, refurbishment, and engine and component repair and overhaul.

In 2010 QantasLink commenced heavy maintenance on its fleet of 21 Bombardier Q400 turboprop aircraft at the upgraded Tamworth maintenance facility. Additionally, major line stations conduct aircraft turnaround and minor maintenance in centres including Cairns, Darwin, Canberra and Perth.

More than 80 per cent of all Qantas aircraft maintenance is carried out in Australia. In early 2010 Qantas commenced heavy maintenance on its A330 fleet of aircraft in Brisbane, securing hundreds of jobs across a range of engineering and maintenance roles.

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**People: 5,877**  
**Sites: Seven (Avalon, Brisbane, Melbourne, Adelaide, Los Angeles, Tamworth, Sydney)**  
**Facilities: 282,000m<sup>2</sup>**

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## Catering

**Qantas Catering comprises the premium airline catering business Q Catering and meal component manufacturer Snap Fresh. In 2009/2010 Qantas Catering prepared 35 million meals and spent over \$240 million on catering supplies.**

Q Catering is a world-leading domestic and international flight catering service, the biggest of its kind in the southern hemisphere and the first to have each of its seven production centres accredited to international food safety management standards.

Working with Qantas consulting chef Neil Perry, Q Catering delivers delicious inflight cuisine to premium Qantas customers and meals to other airlines.

Snap Fresh is a state-of-the-art meal production facility for airline and non-airline customers, including the healthcare and defence sectors.



**People: 2,800**  
**Sites: Six (Adelaide, Brisbane, Cairns, Melbourne, Perth, Sydney)**  
**Meals: 35 million**  
**Facilities: 75,000m<sup>2</sup>**

# Airports

## Superior airport infrastructure and continuing investment in high quality terminals and lounges support our goal of a seamless and enjoyable journey for customers.

Airport investment is crucial to support the introduction of the A380 and planned introduction of the B787, the expansion of the A330 and B737-800 fleets on domestic routes and forecast growth in passengers. This year Qantas finalised its \$75 million Perth terminal redevelopment, including lounges, and also completed its seamless transfer facility between Sydney international and domestic terminals.

From Sydney to Karratha, from Launceston to Townsville, no other airline in the world offers the level of multi-tiered lounge facilities provided by Qantas for our domestic customers. We have 14 stylish Qantas international lounges, with our Marc Newson First Lounges winning international awards and customer acclaim, plus a further eight lounges

shared with international airline partners. Investment in our global and domestic lounge network continues with more than \$40 million in current and projected expenditure.

Major domestic projects completed over the course of the year include new regional lounges in Kalgoorlie and Coffs Harbour, the Cairns Qantas Club, the Chairmans Lounge and Qantas Club in Perth and lounge updates in the Sydney T2 and Hobart Qantas Clubs. Major projects underway include our \$18 million Canberra terminal with a new Marc Newson Chairmans Lounge, Business Lounge and Qantas Club, new Emerald and Launceston regional lounges, and an update to the Devonport regional lounge.

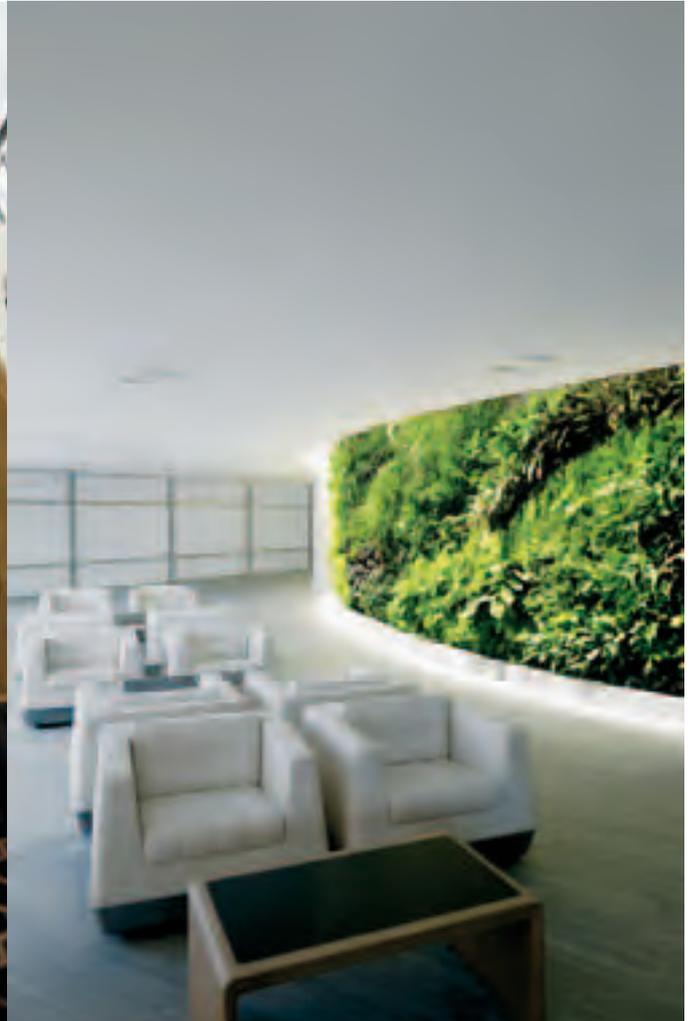
Internationally, this year we completed a new Hong Kong Business Lounge and updated the Hong Kong First Lounge and the Honolulu Business Lounge. Work underway includes a refresh of the Singapore First Lounge, and updates of the Wellington and Sydney Business Lounges. Our future plans include Marc Newson First Lounges in Los Angeles, Singapore and Hong Kong which will consolidate our superior First offering.

### Domestic

Lounge Type	No.	Locations
Chairmans	6	Adelaide, Brisbane, Canberra, Perth, Melbourne, Sydney
Business	4	Brisbane, Canberra, Melbourne, Sydney
Qantas Club	12	Adelaide, Cairns, Brisbane, Alice Springs, Canberra, Darwin, Hobart, Perth, Melbourne, Sydney T3, Sydney T2, Townsville
Regional	9	Broome, Coffs Harbour, Devonport, Kalgoorlie, Karratha, Launceston, Mackay, Port Hedland, Rockhampton

### International

Lounge Type	No.	Locations
In Australia — First	3	Sydney, Melbourne, Brisbane
In Australia — Business	4	Brisbane, Perth, Melbourne, Sydney
Outside Australia — First	2	Auckland, Hong Kong
Outside Australia — Business	5	Hong Kong, Honolulu, Tokyo, Wellington, Auckland
Outside Australia — Joint lounges (First and Business)	8	Bangkok (First, Business), Los Angeles, Tom Bradley terminal (First, Business), Los Angeles, T4 terminal (First, Business), Singapore (First, Business)





Caring for Customers 

# Our customers are at the centre of all that we do.

More than ever, we are investing in understanding what our customers want and delivering more than they could imagine. Qantas is redefining the modern premium airline brand and, with our Next Generation Check-in, streamlining and simplifying the airport experience.

Excellence in customer care embraces every aspect of the customer experience from booking to boarding, from inflight to baggage collection.

So we are listening to our customers more carefully than ever; engaging our people and equipping them to deliver consistently excellent service; and investing in great fleet, lounges and product.

Qantas has traditionally used detailed and regular customer satisfaction surveys to measure our performance in customer care:

- At May 2010 we equalled our highest ever monthly customer satisfaction rating
- Over the past 12 months international customers reported that they were significantly more satisfied with the ground experience, particularly check-in, boarding, lounges and punctuality
- The Airbus A380 cabin environment and its seats continued to attract strong customer satisfaction results across all cabins, particularly in First Class. Our Sydney and Melbourne First Lounges continued to rate at 95 per cent-plus levels
- Among domestic business travellers overall satisfaction trended upwards over the 12 months, driven strongly by on-time performance which was the best for a domestic Australian airline

Now Qantas is moving to add a more ambitious measure of customer satisfaction, the Net Promoter Score. Our goal over time is to convert more of our satisfied customers into active promoters of Qantas and thereby strengthen our share of their business, as well as attract and keep new customers. We know from our research that service is the biggest driver of this kind of advocacy.

#### **Our long-term strategy involves:**

- Investing in breakthrough initiatives, such as Next Generation Check-in, that will deliver the biggest returns in terms of customer satisfaction and advocacy
- Harnessing the power of our Frequent Flyer program to build enduring and valued relationships
- Strengthening the morale, engagement and skills of our Qantas people
- Greater input by our front-line staff in following up the complaints or compliments of our customers

## Inflight health

Our customers' safety and well-being, both pre-flight and inflight, are very important to us. We research and review environmental conditions onboard to ensure maximum passenger comfort.

We provide:

- A Meet and Assist service to passengers with special needs
- Mobility assistance, including services for the vision and hearing impaired
- Provision for service dogs
- Medical repatriation, accommodating stretchers, medical escorts and special equipment requirements
- Online information on medical conditions and applicable clearances that may be required

Qantas crew are trained to provide medical assistance and both Qantas and Jetstar aircraft have satellite links to physicians should specialist advice be needed.

# Next Generation Check-in

Listening to our customers, one message that came through loud and clear was that domestic check-in was a point of pain. The queues were too long, the hassle too big. Our customers wanted speed and they wanted ease. And that's what we are delivering with Next Generation Check-in.

## Advance Seat Selection

**Who:** Chairmans Lounge members, Platinum, Gold and Silver Frequent Flyers.  
**What:** Key automation platform providing customers with control over their seating prior to arrival at the airport.  
**How:** Customers choose/change their seats via Manage Your Booking on qantas.com up to three hours prior to departure.

## Online Check-in

**Who:** All customers.  
**What:** Available between 24 hours and one hour prior to departure, self-service check-in for domestic flights available via Manage Your Booking on qantas.com  
**How:** Customers with internet access can check in from home or the office, select and change their seats and print a 2D barcode boarding pass for use at the boarding gate.

## Mobile Check-in

**Who:** All customers with a web-enabled mobile device.  
**What:** Customers can check in for a domestic flight on qantas.com with their device between 24 hours and 45 minutes prior to departure.  
**How:** Customers follow a few simple steps to complete check-in, with a 2D barcode sent to their device. The barcode is scanned at the gate where a boarding receipt is printed with key customer and flight information for use onboard.



## Automatic Check-in

**Who:** Chairmans Lounge members, Platinum, Gold and Silver Frequent Flyers and Qantas Club members.

**What:** A new Qantas Frequent Flyer Card with smart chip (RFID) technology and a simple reader design that supports a fast transaction, enabling premium customers to be automatically checked in. The new Frequent Flyer Card is then used at the boarding gate with customers receiving a boarding receipt.

**How:** Customers touch their new Frequent Flyer Card on Q Card Readers located throughout the terminal to be automatically checked in. A visual indication on the Reader and a sound confirm check-in. An SMS confirmation of check-in/flight details follows. Changes to bookings or additional processing must be actioned at kiosks or Service Desks.

## Kiosks

**Who:** Primarily for Bronze and non Frequent Flyers, but available to all customers.

**What:** Functionality enabling customers to check-in, select seats, print baggage tags, complete excess baggage payments by credit card or carry out changes and updates. The kiosks will be located in cluster formation anchored by a Kiosk Service Point. Scales are available to encourage customers to validate bag weight prior to checking in.

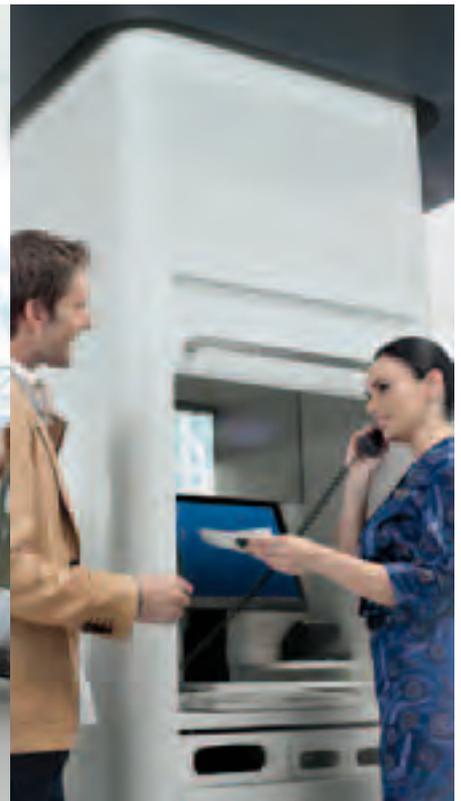
**How:** Enhanced functionality and interactive screens step customers through the check-in and baggage processes. Fast Path functionality provides shortcuts for key processes post check-in such as seat changes and adding Frequent Flyer details. Customer Service Agents provide assistance.

## Kiosk Service Point

**Who:** Customers requiring assistance with simple issues.

**What:** Full agent workstation conveniently located in close proximity to kiosks.

**How:** Customer Service Agents can access phone and computer functions to resolve simple transaction errors for customers.



# Next Generation Check-in

Our pioneering spirit has always been part of who we are and where we come from. It has helped our airline to constantly set new benchmarks for others to follow.

The launch of domestic Next Generation Check-in is part of a new era of innovation. It's an ambitious project, involving world-first technology.

It will re-engineer how our products and services are delivered to our customers. And it will change the customer experience, enabling our employees to focus less on process and more on customer care.

## Bag Drop

**Who:** All customers travelling with bags.  
**What:** An automated Bag Drop supported by Customer Service Agents.  
**How:** Once checked in, customers place their tagged bags on the injectors and follow a set of simple steps provided on the injector screens. A simple reconciliation process matches boarding pass and bag tag data to the booking and ensures secure acceptance of bags into the baggage handling system. The injectors recognise bag size and weight to determine if they are within customer entitlements.

## Q Bag Tag

**Who:** Chairmans Lounge members, Platinum, Gold and Silver Frequent Flyers. In time Bronze Frequent Flyers will be able to purchase tags.  
**What:** A physical electronic bag tag linked to the Qantas Frequent Flyer Card and used to check in baggage. Key customer and flight information is recorded on the tag's smart chip enabling secure reconciliation.  
**How:** Q Bag Tags are attached to checked baggage, enabling customers to go directly to a Bag Drop without needing to access a kiosk to print and tag bags.

## Premium Service Desk

**Who:** Chairmans Lounge members, Platinum, Gold and Silver Frequent Flyers, Qantas Club members and customers travelling in Business.  
**What:** A dedicated face-to-face full service option. Functions include check-in, changes to itinerary, problem resolution and domestic to international check-in.  
**How:** Premium customers preferring to check-in or drop their bags at a Service Desk or speak with a Customer Service Agent will continue to have access to this service.



## Service Desk

**Who:** Bronze Frequent Flyers and all other non Frequent Flyers.

**What:** A resolution service point for customer issues that cannot be resolved at a kiosk or Kiosk Service Point, and for customers who require assistance from the Bag Drop and oversized baggage areas.

**How:** Customers are directed to the Service Desk for further assistance including facilitating passport and visa checks for domestic to international check-in.

## Premium security

**Who:** Chairmans Lounge members, Platinum and Gold Frequent Flyers and customers travelling in Business.

**What:** Customers have access to a priority screening lane, located in proximity to lounge entry identified by signage and supported by a Customer Service Agent.

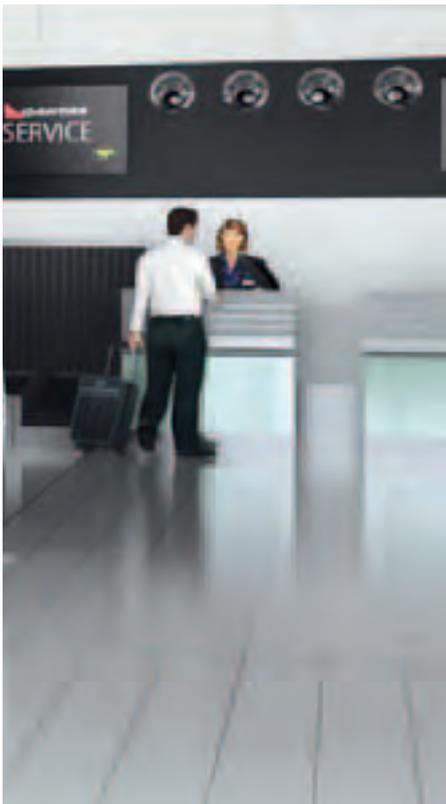
## Enhanced boarding

**Who:** All customers.

**What:** Seamless boarding process regardless of the boarding pass type presented – chip-enabled Frequent Flyer Card, mobile or paper boarding pass (online, kiosk or Service Desk).

**Who:** Chairmans Lounge members, Platinum Frequent Flyers and customers travelling in Business.

**What:** Priority access at any time during the boarding process.





# Environmental Responsibility

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# Environmental sustainability is a commercial and social imperative for the Qantas Group.

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We have a comprehensive environmental strategy focused on operational efficiency, industry advocacy and research, and engagement with our customers, employees and community organisations.

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## Focus on fuel

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### Fuel conservation

Fuel conservation is key to our overall environmental strategy. Ninety-five per cent of the Qantas Group's greenhouse gas emissions are attributable to fuel use, one of our largest cost drivers. Using fuel more efficiently means we can better manage these costs, absorb fluctuations in oil prices and reduce our carbon footprint.

Fleet renewal is the foundation for our fuel conservation program. We are investing US\$22 billion in highly fuel-efficient next generation aircraft (at list prices), such as the Airbus A380 and Boeing 787. The Qantas Group has six A380s in service, with a further 14 to come, and 50 B787s on order.

This investment in our fleet is complemented by a range of fuel conservation activities in the air and on the ground, such as aircraft weight reduction, better scheduling and punctuality, enhanced flight planning and navigation, reduced reliance on Auxiliary Power Units, new technologies and improved technical performance.

In early 2010 we reached a key milestone: saving one million tonnes of carbon dioxide equivalent (CO<sub>2</sub>-e) through fuel conservation activities since 2005.

Over the longer term, we are committed to a stringent fuel efficiency target of an average of 1.5 per cent improvement per annum by 2020, in line with the global industry goals established by the International Air Transport Association (IATA).

### Sustainable aviation fuel

The Qantas Group is committed to supporting research into, and the development of, sustainable alternatives to traditional aviation fuels.

During 2009/2010 the Qantas Group took two important steps:

- Joined the Sustainable Aviation Fuel Users Group (SAFUG), a global group of leading airlines and aviation companies working together with scientific agencies and environmental organisations to develop cleaner jet fuels
- Launched a 'Roadmap' study in conjunction with the Australian and New Zealand group of SAFUG and the Commonwealth Scientific and Industrial Research Organisation (CSIRO) to identify and suggest how to address barriers to a commercially sustainable aviation fuels industry

## Positive environmental action

During 2009/2010 we launched Australia's first domestic inflight recycling program and commissioned the installation of a tri-generation energy facility in Sydney that could reduce our electricity use significantly.

### Reducing resource consumption

Target area	Targeted improvement by 30 June 2011 (%)	Progress against baseline of 2006/2007 (%)
Reduce electricity consumption	10	4.6
Reduce water consumption	25	17.7
Reduce waste consumption	25	10.9

#### Carbon readiness

Carbon compliance regimes are in place or planned in a number of key markets where the Qantas Group operates. The New Zealand Emissions Trading Scheme (ETS) commenced on 1 July 2010 and applies to Jetstar's domestic operations. This is the first mandatory ETS to include aviation. The European Union ETS will also include aviation from January 2012. To date, we have met all our obligations in these jurisdictions.

In October 2009 we submitted our first mandatory carbon footprint report under the Australian Government's National Greenhouse and Energy Reporting (NGER) Act, reporting 4.2 million tonnes of CO<sub>2</sub>-e for activities and entities under the Qantas Group's operational control for 2008/2009.

The Qantas Group will continue to embed the cost of carbon into reporting systems and long-term business planning.

#### Carbon offsetting

Qantas and Jetstar's voluntary carbon offset program was established to enable customers to offset their portion of the emissions generated by their flights, and for the Qantas Group to offset staff duty travel and ground vehicle use.

- Passengers offset 240,000 tonnes of carbon during 2009/2010
- Between 7.5 and 9 per cent of customers booking through the Qantas and Jetstar websites choose to offset
- 66,436 tonnes of carbon for duty travel and ground vehicle use were offset in 2009/2010

— 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 Qantas Group has moved to comply fully with the replacement scheme, the National Carbon Offset Standard (NCOS).



## Engaging our people and working with communities

Qantas' internal environment program, **begreen**, encourages employees to champion sustainable work practices by joining the staff Green Team network (which includes employees at all levels and in all areas of the business). Our eXcel awards program recognises sustainability leadership at work, while employees contribute to a number of community environmental initiatives.

We also support important environmental organisations and projects through the Qantas Foundation, the Qantas Award for Excellence in Sustainable Tourism and other forums.

Our work in partnership with the Great Barrier Reef Foundation (GBRF) is a good example of this commitment in action. The Qantas Foundation is a patron of GBRF's ZooX Fund, which provides a

channel for individuals and businesses to support high-priority research projects identified by its International Scientific Advisory Committee. ZooX is focused on projects that will increase GBRF's knowledge about the impacts of climate change on the Reef and inform strategies for its preservation and protection.

Qantas also participates in the ZooX Ambassadors program – where employees take part in an educational program and field trip to the Reef, and use the knowledge they gain to implement environmental improvement initiatives in their workplace.

In June 2010 Qantas announced its support for an important climate change research project, in association with the GBRF and the CSIRO. 'Seals for the Reef' involves safely attaching sensors to

elephant seals in the Southern Ocean to track changing water conditions. The information gathered will be analysed by researchers from CSIRO and the University of Tasmania, providing both an invaluable guide to the seals' behaviour and a vital 'early warning system' for the potential impacts of increased water temperature and salinity on the Great Barrier Reef.



**Giving Back** ▲

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# Good corporate citizenship is part of our role and responsibility as the national carrier.

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The Qantas Group works in partnership with the Australian community to promote excellence, provide opportunities, protect the environment and help those affected by adversity.

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## Qantas Foundation

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The Qantas Foundation, established as a charitable trust in 2008, is focused on making a difference to communities at a grassroots level through charitable donations and assistance in kind. It works in the areas of health, community and education, the environment, arts and humanitarian relief.

Grants are managed by the Qantas Foundation Trustee Board and distributed through four funds:

- Art Encouragement Fund
- Environmental Sustainability Fund
- Humanitarian Fund
- General Fund for other charitable purposes

Significant initiatives undertaken by the Foundation include:

- Donating \$100,000 worth of airfares to enable the Royal Flying Doctor Service (RFDS) to generate fundraising revenue for the purchase of vital medical equipment and support key RFDS initiatives, as well as transport RFDS staff and donors. Qantas staff also showed their support for the RFDS by volunteering at the 2010 RFDS South East Section Open Day in May 2010

- Forming a partnership with Mission Australia and its social enterprise restaurant, Charcoal Lane, which provides training, life skills and pathways into the hospitality industry for disadvantaged young people. The Foundation has sponsored six students with a donation of \$57,000
- Launching a special campaign encouraging Qantas staff to donate to the Foundation in support of The Fred Hollows Foundation's work with Australians in remote Indigenous communities living with cataract blindness, trachoma and other treatable eye conditions. With a matching donation from the Qantas Group, the Foundation donated a total of \$50,000
- Together with the Australian Rugby Union (ARU) and Football Federation Australia (FFA), donating \$50,000 to support UNICEF's relief efforts following the natural disasters in Samoa, Tonga and Indonesia in late 2009

Among the other groups the Foundation supported during 2009/2010 were the Australian Business and Community Network, the Centre for Social Impact, the Centre for Sustainability Leadership, Clean Up Australia Day (as Official Foundation Partner), Flora and Fauna International Australia, the Great Barrier Reef Foundation and Landcare Australia.

The Qantas Foundation complements Qantas' broader sponsorship and partnership work, which includes support for the Australian of the Year Awards, CARE Australia, the International Day of People with a Disability, the National Australia Day Council, the National Breast Cancer Foundation, Red Dust Role Models, the Royal Institute for Deaf and Blind Children and UNICEF. In 2009/2010 Qantas raised over \$1.8 million for UNICEF's Change for Good program.

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## Qantas in the Australian community – sharing the spirit

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We also continued our close relationship with the Australian Football League (AFL), as official airline and Major Partner of the League's Indigenous programs, and the ARU, as naming sponsor of the Qantas Wallabies. During the AFL's official Indigenous Round, we made a \$50 donation to the Long Walk Trust for every goal kicked.

In the arts, we are committed to helping identify and nurture young Australian talent. The Qantas Foundation Encouragement of Contemporary Art Award recognises artists in each state and territory – the only such award to do so based on a body of work, rather than a single piece. We sponsor organisations, venues and events dedicated

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**In 2009/2010 we put a strong focus on sport, becoming naming rights sponsor of the Formula 1™ Australian Grand Prix for the second time, supporting the Qantas Socceroos at the 2010 FIFA World Cup in South Africa and backing Football Federation Australia's bid for the 2022 World Cup.**

to showcasing the best of international and Australian culture, from dance and theatre to Indigenous art.

As a Gold Sponsor of the Australian Pavilion at the Shanghai World Expo, we were active in promoting Australian culture and business in one of Australia's most important markets for trade, investment and tourism.

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## QantasLink – giving back to regional Australia

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**Qantas' origins are in regional Australia and, through QantasLink operations and other activities, we help stimulate economic growth, job creation and tourism in regional communities.**

**Examples of this activity include:**

- In Tamworth, QantasLink's NSW maintenance base, we employ 82 people, sponsor the Country Music Association of Australia and spent a total of \$5.4 million in 2009/2010
- In Mildura, we employ 28 people, sponsor the local Chamber of Commerce business awards and the Mildura Writers Festival, and spent \$1.5 million in 2009/2010

- In Gladstone, we employ 12 ground handling staff, sponsor the Gladstone Harbour Festival and contributed expenditure of \$4.2 million in 2009/2010

We are keenly aware of aviation's significance to these communities and others, and of the importance of giving back to the families and businesses that support us across the country.

## Qantas and reconciliation

The Qantas Reconciliation Action Plan (RAP) aims to build relationships for change between Aboriginal and Torres Strait Islander (Indigenous) Australians and other Australians.

We are 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.

Our work in supporting reconciliation initiatives within our company and with our customers and the community includes:

- Founding membership of the Australian Indigenous Minority Supplier Council and engaging Indigenous businesses to provide services to Qantas
- Providing employment and educational opportunities for Indigenous Australians including scholarships, school-based traineeships and university cadetships

- Developing partnerships which aim to support Indigenous excellence in sport, art and culture through our work with Bangarra Dance Theatre, the AFL, the Gondwana National Indigenous Children's Choir and the National Gallery of Victoria's Indigenous Galleries
- Promoting shared pride in Indigenous culture by screening Indigenous documentaries and films on our inflight entertainment and including articles in the inflight magazine and other Qantas publications
- Filming of "Welcome to Country" with local Indigenous elders in Sydney, Darwin and Cairns for the Qantas international inflight arrival video guides, with other cities to follow

- Providing information for travellers ([qantas.com/reconciliation](http://qantas.com/reconciliation)) about travelling respectfully in Indigenous Australia and in making informed and ethical choices when purchasing Indigenous art and artefacts

**"Qantas has been leading the way in developing a broad range of opportunities for both their company and other businesses to contribute to reconciliation. The Qantas RAP demonstrates good practice in many ways, providing a sound model and invaluable lessons for other companies."**

CO-CHAIRS OF RECONCILIATION AUSTRALIA:  
MICK DODSON AM AND MARK LEIBLER AC

## Board of Directors



**Leigh Clifford, AO**

**BEng, MEngSci  
Chairman  
Independent Non-Executive Director**

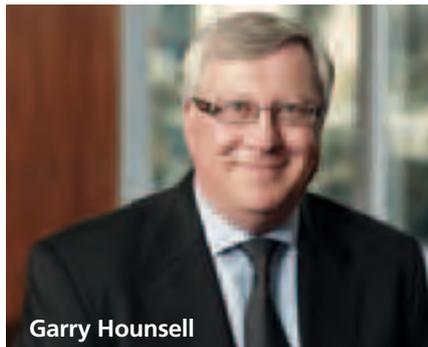
Leigh Clifford was appointed to the Qantas Board in August 2007 and as Chairman in November 2007. He is Chairman of the Qantas Nominations Committee. Mr Clifford is a Director of Barclays Bank plc and Bechtel Group Inc. He is Chairman of Bechtel Australia Pty Ltd and the Murdoch Childrens Research Institute, 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



**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



**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



**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



**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: 51



**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



**Dr John Schubert**

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

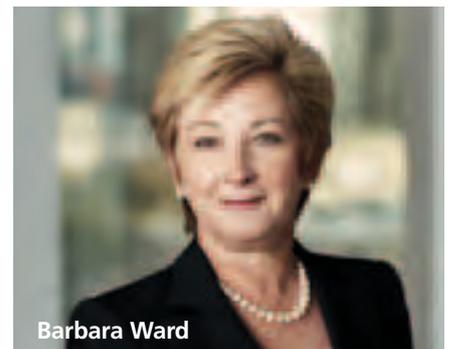
John Schubert was appointed to the Qantas Board in October 2000. He is Chairman of the Safety, Health, Environment and Security Committee and a Member of the Nominations Committee. Dr Schubert is a Director of BHP Billiton Limited and BHP Billiton plc. He is also Chairman of G2 Therapies Limited and 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



**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



**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, Allico 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

# Financial Calendar

## 2010

<b>18 February</b>	Half year result announcement
<b>30 June</b>	Year end
<b>12 August</b>	Preliminary final result announcement
<b>29 October</b>	Annual General Meeting

## 2011

<b>17 February</b>	Half year result announcement
<b>7 March</b>	Record date for interim dividend*
<b>6 April</b>	Interim dividend payable*
<b>30 June</b>	Year end
<b>24 August</b>	Preliminary final result announcement
<b>13 September</b>	Record date for final dividend*
<b>12 October</b>	Final dividend payable*
<b>28 October</b>	Annual General Meeting

\*Subject to a dividend being declared by the Board.

### 2010 ANNUAL GENERAL MEETING

The 2010 AGM of Qantas Airways Limited will be held at 11:00am on Friday 29 October in Adelaide. Further details are available on the Corporate Governance section of the Qantas website (at [www.qantas.com](http://www.qantas.com))

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Telephone +61 2 9691 3636  
Facsimile +61 2 9691 3339  
[www.qantas.com](http://www.qantas.com)

### QANTAS SHARE REGISTRY

Level 12 680 George Street Sydney NSW 2000 Australia  
or Locked Bag A14 Sydney South NSW 1235 Australia  
Freecall 1800 177 747  
International +61 2 8280 7390  
Facsimile +61 2 9287 0303  
Email [registry@qantas.com](mailto:registry@qantas.com)

### STOCK EXCHANGE

Australian Securities Exchange  
20 Bridge Street Sydney NSW 2000 Australia

### DEPOSITARY FOR AMERICAN DEPOSITARY RECEIPTS

The Bank of New York Mellon  
ADR Division  
Level 22 101 Barclay Street New York NY 10286 USA  
Telephone +1 212 815 2276  
Facsimile +1 212 571 3050

Company Secretary Cassandra Hamlin

An online version of this Annual Review is available at [www.qantas.com](http://www.qantas.com)

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1. **Captain James Boland**  
Senior Training Captain B737
2. **Tameka Lee**  
Snapfresh Team Member
3. **Pete Ashmore**  
Flight Dispatch Officer
4. **Kylie-Jane Menzies**  
NSW Business Development  
Manager
5. **Leissa Geia**  
Qantas Freight Customer  
Support Officer
6. **Tim Michel**  
International Telephone Sales
7. **Clint Dale**  
Flight Attendant, QantasLink
8. **Karen Lonergan**  
Executive Manager,  
Performance and Culture
9. **Sheela Rowlands**  
Customer Service Agent,  
Qantas Club

10. **Davis Kwok**  
Q Catering Driver
11. **Amelia-Jayne Parker**  
Jetstar International Cabin Crew
12. **Majida Bazzi**  
Q Catering Wash Team
13. **Alan Milne**  
Manager Maintenance  
Operations Centre
14. **Melinda Black**  
Manager Financial Services  
Marketing, Qantas Loyalty
15. **Mark Gilmour**  
Second Officer B744
16. **Paul White**  
Fleet Presentation Coordinator
17. **Justin White**  
Premium Customer Service Agent
18. **Victor So**  
Aircraft Maintenance Engineer  
– Line Maintenance Operations  
A380

19. **Kelly Seward**  
Group Sales Consultant
20. **Captain Mike O'Neill**  
A380 Captain
21. **Lauren Dickson**  
Customer Service Manager  
Jetstar International
22. **David Fuelling**  
Manager Aircraft Trading
23. **Jonathan Hards**  
Licensed Aircraft Maintenance  
Engineer – Line Maintenance  
Operations A380
24. **Mariannel Azarcon**  
Senior Flight Analyst
25. **Kerri Atkins**  
Flight Attendant, International
26. **Roger Hedley**  
Airline Services Operator  
– Bus Driver
27. **Andrew Goh**  
Customer Service Manager,  
International

28. **Suzannah Lutterschmidt**  
Airline Service Operator  
- Forklift Operator
29. **Alice Ackerman**  
Manager Retail Development  
and Advertising
30. **David Singh**  
IT Consultant
31. **Captain Yolanne Baker**  
QantasLink Captain
32. **Yianni Johns**  
Aircraft Maintenance Engineer
33. **Wayne Brown**  
Aircraft Painter
34. **Sarah Purser**  
Flight Attendant, International
35. **Stephen Capron**  
Technical Officer
36. **Zac Kennedy**  
Jetstar Pilot





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