

QANTAS AIRWAYS LIMITED
ACN 009 661 901

**RECENT DEVELOPMENTS AND
PRELIMINARY* MONTHLY TRAFFIC AND CAPACITY STATISTICS**

OCTOBER 2000

Recent Developments

Qantas announced its decision to purchase 31 new aircraft as part of its long-term fleet plan to provide for market growth and for replacement of existing aircraft. The plan includes: 13 Airbus A330-200 and A330-300 aircraft for delivery between 2002 and 2005 to provide for growth on domestic routes with flexibility for regional international operations; six Boeing Longer-Range 747-400 aircraft with enhanced performance capability for delivery between 2002 and 2006 to handle growth on international long haul routes; and 12 Airbus A3XX aircraft for delivery between 2006 and 2011 to meet passenger growth on selected long haul routes. The total cost of these announcements, including start-up expenses, infrastructure, engines and parts, is approximately US\$4.6 billion over the next 10 years. The capital investment will be funded by a mixture of operating cash flow, debt and equity in order to maintain existing target gearing levels.

Qantas, through its wholly-owned subsidiary Qantas Longreach Pty Limited, announced its intention to bid for all of the shares in News South Wales regional airline Hazelton Airlines Limited. Qantas currently has a 20 percent relevant interest in Hazelton as the result of an agreement with the airline's largest shareholder, Skippers Aviation Pty Ltd. Qantas has made a cash offer of \$1.20 to the shareholders of Hazelton in an off-market takeover bid, subject to relevant regulatory approvals and a number of conditions. Ansett has made a counter offer of \$1.35 and has reduced its minimum acceptance condition down to 51%. Qantas announced on 12 December that we would revise our bid once we have ACCC clearance. James Strong, Chief Executive, said a successful bid for Hazelton would, over time, give regional Australia better access to the established domestic and international route network of Qantas.

The Qantas Annual General Meeting was held in Sydney on 16 November. All resolutions were passed by shareholders. The Chairman also announced that Geoff Dixon will become Chief Executive Officer of Qantas when James Strong steps down in March 2001.

Qantas has launched a new web site designed to expand the opportunities for Frequent Flyers to earn award points. The new site – www.qantasfrequentflyer.com.au – will showcase a range of premium products and services linked to the acquisition of Qantas Frequent Flyer points with the aim of making this one of Australia's leading retail web sites.

Total Group Operations	Month			Financial Year to Date		
	2000/01	1999/00	Change	2000/01	1999/00	Change
Passengers carried ('000) **#	1,898	1,814	4.6%	7,392	6,977	5.9%
Revenue Passenger Kilometres (m) #	5,996	5,603	7.0%	23,240	21,805	6.6%
Available Seat Kilometres (m)	7,665	7,119	7.7%	30,379	28,114	8.1%
Revenue Seat Factor (%)	78.2	78.7	(0.5) pts	76.5	77.6	(1.1) pts

Group Operations

Group (international, domestic and regional) passenger numbers increased by 4.6 percent compared to the same month last year. Total RPKs and ASKs for October increased by 7.0 percent and 7.7 percent respectively, resulting in a revenue seat factor of 78.2 percent, 0.5 percentage points lower than the previous year. For the year to date, passenger numbers increased by 5.9 percent from the previous year. RPKs and ASKs were up 6.6 percent and 8.1 percent respectively, resulting in a revenue seat factor of 76.5 percent, 1.1 percentage points lower than the previous year.

Notes

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

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

From 1 July 2000 a new definition for international RPKs and passenger numbers is being used. All international fare paying passengers will be included in both RPKs and number of passengers carried. Previously only international passengers who paid greater than 25% of the published fare were included. There has been no change in the domestic definition which already includes all fare paying passengers. Comparative information has not been adjusted.

Key

(m) Millions

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

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