

**ANNUAL GENERAL MEETING**  
**ADDRESS BY CEO GEOFF DIXON**  
**14 NOVEMBER 2007**

The Chairman has just outlined how we achieved this year's result - and the series of decisions that got us to this point.... I would now like to take a few minutes to outline how we plan to maintain and build on this strong performance.

First of all it is important to note the huge impact that globalisation has had on the aviation industry - and on Qantas.... Aviation, of course, has long been a strong driver of globalisation - for nearly a hundred years helping to move people and goods across borders and around the world. Now the industry is feeling the full effects of the very process it helped to create.

Today more people than at any time in history are living, working and playing on a truly global basis and, along with favourable economic conditions, this has created a very positive operating environment for aviation. In particular, the growth in passengers and the growth in the industry in places like India, China, and Eastern Europe has been little short of amazing.

There will always be economic cycles that affect aviation, but the truth is that many airlines are becoming more disciplined and, therefore, better managers of these cycles. The severe shocks of recent years have resulted in a new level of maturity, there is a greater focus on profitability and

sustainability, and balance sheets are being rebuilt. There is more cost awareness, there is greater restraint and efficiency levels are improving.

We still have a long way to go, but I really believe that as an industry we are becoming stronger and more resilient and we need to do so to meet the full implications of globalisation, that is, that the lower costs in some countries, particularly in our region, provide a competitive advantage that is hard to overcome. As aviation globalises, so do its costs!

To succeed at Qantas we have no alternative but to be competitive on a cost basis, an issue especially important as crude oil prices move close to \$100 a barrel! We have hedged 79 percent of our crude oil needs for this financial year and we have been largely able to mitigate the current impact because of the strong demand environment, the escalating Australian dollar and the use of fuel surcharges. But we will still need to monitor developments closely.

A related challenge is personnel. There is a global competition for talent underway in aviation, just as in other industries, and we need to be smart, innovative and focused on the long-term to ensure we have the right people and resources in place. That is why we are investing heavily in pilot training and expanding our cadet scheme to ensure a long-term stream of expertise in this area, as well as spending hundreds of millions of dollars on developing our people.

As we become more and more a global company, we will also need the flexibility to source more jobs offshore as part of a mix that will provide the platform for long-term jobs growth and sustainability within Australia.

Our two flying brands represent the nucleus of our business and, as such, remain at the core of our strategy.

Qantas and Jetstar are not only two excellent airlines on their own terms, the Group derives real synergies from the working relationship between the two. We see each as tremendously important to our future and we are going to continue to invest in each brand and support their growth – Qantas in premium markets in Australia and internationally, QantasLink in regional Australia and Jetstar in price-sensitive leisure markets here and abroad.

Today our Group has a market share of over 65 percent in domestic Australia and around 33 percent internationally.... to maintain this position we will need access to the latest and most fuel efficient and environmentally friendly aircraft.

Next year we will take delivery of the giant A380, which will be the flagship of our fleet and set new standards for travel across its four classes. Shortly after, we will receive the first of the revolutionary Boeing 787 Dreamliners, which will make point to point flying much more cost efficient.

Today the Board approved the acquisition of up to 188 additional Airbus and Boeing narrowbody aircraft to further support the growth of the Qantas and Jetstar brands in Australia and within our region.

The Airbus order for up to 108 aircraft includes A320s and the larger A321s, which will provide aggressive growth for Jetstar and enable it to establish

new international bases in Darwin and Perth that will be ideally suited to meet the growing demand for services between Australia and our near neighbours in South East Asia. Some of the Airbus aircraft will also be used to supply capacity to our Asian associates.

The Boeing order for up to 80 B737-800s will come with the latest in inflight entertainment technology. These aircraft will be used for domestic growth for Qantas, to complement its domestic widebody fleet and to replace older aircraft.

Our fleet plan is an investment in our future. We confront very strong and aggressive competitors domestically. Internationally, we all know that there will be big capacity increases, particularly from the Middle Eastern carriers and we are absolutely aware that that means our customers have more choice than ever before.

That is why we are investing in new aircraft, in new product, and in new destinations, and is why we need to strive for even higher levels of customer service.

Our flying businesses underpin everything we do, and our priority is to ensure their continued success. But we also see opportunities to unlock further value in our range of portfolio businesses.

As the Chairman said, we have made excellent progress in Segmentation and are now looking to take this to the next level.

As well as disclosing the profitability of our Frequent Flyer Program and Freight businesses for the first time when we report our half year results in February, we will also update the market on the progress of our growth strategies for these businesses.

We are, as previously announced, working on a separate fleet ownership vehicle and will have more to say about that at our half year results as well.

There has also been a great deal of market speculation about what we might do with Qantas Holidays. Suffice to say we have every intention of growing and expanding the business whichever direction we choose to take with it.

Be assured the Board and Management are very mindful of the linkages between our businesses and the immense value of these connections.... as such, we will always retain control where deemed necessary and will proceed only on the basis of delivering greater value to shareholders.

Before I finish, I would like to take this opportunity to thank our staff. The success of Qantas, as always, is its people, and I must pay tribute to their professionalism and commitment during a year that has, at times, brought a great deal of uncertainty.

I would also like to welcome our incoming Chairman Leigh Clifford. As we look to a global future, we are very fortunate at the Qantas Group to have Leigh's expertise and knowledge to draw upon.

And I want to thank Margaret Jackson. Not only has she led the Qantas Board with distinction, she has been a tremendous and tireless Ambassador for Qantas in Australia and in the world. No one could have been more passionate about the interests of this company, or worked harder to promote them. No one could have cared more about Qantas history, or the Qantas future.

Margaret leaves a strongly performing company that is reaping the rewards of some bold and wise decisions. She also leaves a unique legacy of energy, insight and passion. On behalf of all of us who care about Qantas - employees, customers and shareholders – I would like to offer her a vote of appreciation and thanks. She leaves Qantas in great shape. Thank you.