

10 September 2002

Dear Shareholder

2002 ANNUAL GENERAL MEETING

The 2002 Annual General Meeting (AGM) of Qantas Airways Limited is to be held at 2:00pm on Thursday 17 October 2002 in the Grand Ballroom of the Burswood Convention Centre, Perth. The formal Notice of Meeting is attached.

Qantas has many shareholders around Australia. To provide an opportunity for the maximum number of shareholders to attend an AGM, Qantas holds its Meeting in a different State each year. The AGM was last held in Perth in 1997. The 2001 AGM was held in Melbourne.

BUSINESS

1. Consideration of Reports

The Financial Report, the Directors' Report and the Independent Auditor's Report for the year ended 30 June 2002 will be presented for consideration.

Shareholders have received an Annual Report which includes a Concise Financial Report for the year ended 30 June 2002. Any shareholder wishing to receive a copy of the full Financial Report, which will be presented at the Meeting, should contact the Qantas Share Registry. The Qantas Share Registry will mail you a copy at no charge.

2. Questions and Comments

Following the Consideration of Reports, the Chairman will give shareholders a reasonable opportunity to ask questions about or comment on the management and audit of Qantas.

3. Election of Directors

3.1 Trevor Kennedy

Trevor Kennedy retires by rotation and, being eligible, offers himself for re-election as a Non-Executive Director.

Trevor Kennedy was appointed to the Board in April 1994.

Trevor Kennedy is Chairman of Oil Search Limited, Commsoft Group Limited and Cypress Lakes Group Limited and Deputy Chairman of CTI Logistics Limited. He is a Director of several other public and private companies including Qantas Superannuation Limited, Downer EDI Limited, FTR Holdings Limited and RG Capital Radio Limited.

Trevor Kennedy was formerly Managing Director of Consolidated Press Holdings Limited, a Director of OzEmail Limited and has previously served on a number of other Boards and State and Federal Government authorities.

The Directors (with Trevor Kennedy absent and not voting) recommend that you vote in favour of this Ordinary Resolution.

3.2 John Schubert

John Schubert retires by rotation and, being eligible, offers himself for re-election as a Non-Executive Director.

John Schubert was appointed to the Board in October 2000.

John Schubert is the Deputy Chairman of Commonwealth Bank of Australia, a Director of BHP Billiton Limited, BHP Billiton Plc and Hanson Plc (a UK construction materials company), Chairman of the Advisory Board of Worley Limited and G2 Therapies Limited, President of the Business Council of Australia, a Director of Australian Graduate School of Management Limited, Great Barrier Reef Research Foundation, Salvation Army Advisory Board and Opera Australia National Foundation. He is also a member of the Safety, Environment & Security Committee.

He was appointed Managing Director and Chief Executive Officer of Pioneer International Limited in July 1993, a position he held until the company merged with Hanson Plc in May 2000.

The Directors (with John Schubert absent and not voting) recommend that you vote in favour of this Ordinary Resolution.

3.3 Paul Anderson

Paul Anderson was appointed by the Directors as a Non-Executive Director on 2 September 2002 pursuant to clause 6.5(a) of the Qantas Constitution.

Paul Anderson retires as required by clause 6.5(b) of the Qantas Constitution and, being eligible, offers himself for re-election as a Non-Executive Director.

Paul Anderson is currently a Non-Executive Director of BHP Billiton Limited and BHP Billiton Plc having served as Managing Director and Chief Executive Officer of those companies and its predecessor, The Broken Hill Proprietary Company Limited, from 1998 to July 2002. He was previously President and Chief Operating Officer of Duke Energy Corporation and Chairman and Chief Executive Officer of PanEnergy Corporation and a Director of Kerr-McGee Corporation, Baker Hughes Incorporated and TEPPCO Partners, LP and Petrolane Partners, LP. He is also a Non-Executive Director of Temple-Inland Inc, serves on the Advisory Board of Stanford University Graduate School of Business and is a Global Counsellor for The Conference Board. He also serves on the Board of the Business Council of Australia.

The Directors (with Paul Anderson absent and not voting) recommend that you vote in favour of this Ordinary Resolution.

4. Non-Executive Directors' Fees

The current maximum aggregate amount which shareholders have approved to be paid as fees to the Non-Executive Directors is \$1,100,000 per annum. This amount was approved by shareholders at the 1999 AGM.

The Chairman is paid an annual fee of \$280,000. Non-Executive Directors are each paid an annual base fee of \$70,000. In recognition of the additional workload:

- i. Non-Executive Directors who also act as Chairmen of any of the Qantas Committees are paid an additional annual fee of \$17,500; and
- ii. Non-Executive Directors who are also members of any of the Qantas Committees are paid an additional annual fee of \$10,500.

The Chairman receives no additional fees for Committee work.

Based on a full complement of 10 Non-Executive Directors, total annual fees payable to Non-Executive Directors would be \$1,029,000.

Non-Executive Directors also receive travel benefits and the minimum statutory superannuation entitlement.

Clause 6.7(a) of the Qantas Constitution provides that the remuneration of Non-Executive Directors may not exceed in aggregate in any year the amount determined by shareholders. Clause 6.7(b)(2)(A) provides that this amount may be divided among the Non-Executive Directors in the manner and in the proportion determined by the Directors.

Australian Stock Exchange Listing Rule 10.17 provides that a listed company must not, without shareholder approval, increase the total amount of non-executive directors' fees.

Pursuant to clause 6.7(a) of the Qantas Constitution and Listing Rule 10.17, shareholder approval is sought to increase the maximum aggregate amount which can be paid as fees to the Non-Executive Directors from \$1,100,000 to \$1,500,000 per annum.

Qantas has undertaken a review of the fees paid to non-executive directors by other major Australian listed companies to ensure that they are competitive so as to attract and retain high calibre Directors.

Increasing the maximum amount payable will give the Board the ability over the next two to three years to increase Non-Executive Directors' Fees in line with market conditions. It will also allow the Board to possibly expand the membership of Committees.

Voting on the Ordinary Resolution

In accordance with the Listing Rules, Qantas will disregard any votes cast on this Ordinary Resolution by Directors and their associates.

However, Qantas need not disregard a vote if it is cast by:

- i. a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- ii. the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

5. Qantas Deferred Share Plan

Qantas seeks shareholder approval for the introduction of the Qantas Deferred Share Plan (Plan).

Shareholders approved the introduction of the Qantas Long-Term Executive Incentive Plan (QLTEIP) at the 1999 AGM. Entitlements were awarded to Executive Directors under QLTEIP at the 1999 and 2000 AGMs.

The Board notes recent public debate about executive option plans. However, it should be noted that Qantas listed on the Australian Stock Exchange in July 1995 with shareholders who purchased Qantas shares at that time paying either \$1.90 (retail) or \$2.00 (institutions) per share. No executive option plan was established until 1999.

Awards of Entitlements under QLTEIP have been reasonable and are disclosed in full in the Annual Report. Nevertheless, the Board considers it is appropriate, at this time, to discontinue the use of QLTEIP.

The Board believes it is necessary for shareholder and executive interests to be aligned to the maximum extent possible. As such, the Board wishes to establish and operate a transparent deferred share plan which will operate to deliver to executives an appropriate equity interest in Qantas.

Summary of the Plan

According to research conducted on behalf of Qantas by PricewaterhouseCoopers, 17% of the 350 top-listed companies in Australia in 2000/01 (including ANZ, BHP Billiton, Fosters, Telstra and AMP) had a deferred share plan. This is expected to increase significantly by 2005.

A deferred share plan provides a platform for the broader based delivery of equity ownership to employees.

The objectives of the Plan are to:

- provide an incentive for the creation of, and focus on, shareholder wealth;
- align the interests of executives and shareholders;
- ensure the remuneration packages of executives are consistent with market practice and provide competitive compensation;
- provide a medium-term incentive for the retention of key executives; and
- support the culture of employee share ownership.

Under the Plan, it is proposed that the Board will have discretion to determine which employees are offered the opportunity to participate in the Plan (Participants). Initially, this will include the Qantas executive group (approximately 860 employees) with the possibility of offering participation to additional employees if the Board considers it appropriate.

Once the Plan is introduced, it is currently proposed that executive Participants will allocate 10% of their annual bonus to participate in the Plan. Participants will also have the option to sacrifice up to 50% of their annual bonus to purchase Qantas shares. In the future, Participants may also have the opportunity to sacrifice part of their salary to purchase Qantas shares.

In addition, the Board will have discretion to make awards of shares under the Plan in lieu of a cash performance bonus to Participants.

The implementation of the Plan will provide some alignment of employee remuneration with shareholder interests as they will have a direct interest in Qantas shares. In addition, the Plan should provide management focus on long-term performance during both upturn and downturn cycles as the employee has a shareholding position to consider.

Under the Terms & Conditions of the Plan:

- the Board has discretion to determine who is offered the opportunity to participate;
- the Board can decide whether to purchase shares on-market or issue new shares;
- generally, shares cannot be traded for two years after acquisition by the Participant; and
- at the end of the two-year period, provided the Participant is still employed by Qantas, a "matching award" (currently proposed to be 1 for 9) is made at no cost to the Participant.

Director Participation

Non-Executive Directors will not be eligible to participate in the Plan.

It is proposed that Executive Directors will be eligible to participate in the Plan and shareholder approval is sought to permit participation.

5.1 Introduction of the Qantas Deferred Share Plan

Under Exception 9 of Listing Rule 7.2, an issue of securities under an employee incentive scheme is an exception to Listing Rule 7.1 (which contains the restrictions relating to issues exceeding 15% of the issued capital of a listed company in the 12 months before the date of issue) if, within three years before the date of the issue, shareholders have approved the issue of shares as an exception to Listing Rule 7.1.

Shareholders are requested to approve the offer of shares under the Plan as an exception to Listing Rule 7.1.

5.2 Participation in the Qantas Deferred Share Plan by Geoff Dixon

Under Listing Rule 10.14, no director may acquire securities under an employee incentive scheme without shareholder approval.

The Board has sought independent advice on the appropriate level of remuneration to be made available to the Executive Directors. Based on this advice, the Board (with Geoff Dixon and Peter Gregg absent and not voting) believes it is appropriate that the Chief Executive Officer, Geoff Dixon, participates in the Plan.

In accordance with the Listing Rules, the following information is provided for shareholders:

- i. subject to shareholder approval of the Plan, shareholders are requested to approve the acquisition by the Chief Executive Officer, Geoff Dixon, under the Plan, of up to 340,000 Qantas shares. It is proposed that the Chief Executive Officer receive a bonus to allow him to participate in the Plan. The actual number of shares to be acquired by the Chief Executive Officer is not known and will depend on the market price at the time the shares are acquired;
- ii. under the Terms & Conditions of the Plan, shares will be purchased on-market or issued by Qantas at the prevailing market price;
- iii. subject to the Terms & Conditions of the Plan, shares will not generally be able to be sold or otherwise dealt with (Disposal Restrictions) until, at a minimum, after the second anniversary of the registration of those shares in the Chief Executive Officer's name (Holding Lock Period);
- iv. at the expiry of the Holding Lock Period, provided the Chief Executive Officer is still an employee of Qantas, he may be entitled to receive one additional share for each nine Qantas shares acquired under the Plan (Matching Award);
- v. no loan will be made by Qantas in connection with the acquisition of shares by the Chief Executive Officer;

- vi. prior to this award, no shares have been issued to the Executive Directors under the Plan;
- vii. details of any shares purchased or issued under the Plan will be published in each Qantas Annual Report relating to a period in which the shares have been purchased or issued and that approval for the purchase or issue of shares was obtained under Listing Rule 10.14;
- viii. shares for the Chief Executive Officer will be acquired under this approval by 30 September 2003 except for shares purchased or issued under the Matching Award which will be purchased or issued at the expiry of the Holding Lock Period if he remains eligible. No shares will be purchased or issued under this approval later than three years after the date of the Meeting; and
- ix. any additional persons who become entitled to participate in the Plan after the Resolution is approved and who are not named in the Notice of Meeting, will not participate in the Plan until approval is obtained under Listing Rule 10.14.

5.3 Participation in the Qantas Deferred Share Plan by Peter Gregg

Under Listing Rule 10.14, no director may acquire securities under an employee incentive scheme without shareholder approval.

The Board has sought independent advice on the appropriate level of remuneration to be made available to the Executive Directors. Based on this advice, the Board (with Geoff Dixon and Peter Gregg absent and not voting) believes it is appropriate that the Chief Financial Officer, Peter Gregg, participates in the Plan.

In accordance with the Listing Rules, the following information is provided for shareholders:

- i. subject to shareholder approval of the Plan, shareholders are requested to approve the acquisition by the Chief Financial Officer, Peter Gregg, under the Plan, of up to 210,000 Qantas shares. It is proposed that the Chief Financial Officer receive a bonus to allow him to participate in the Plan. The actual number of shares to be acquired by the Chief Financial Officer is not known and will depend on the market price at the time the shares are acquired;
- ii. under the Terms & Conditions of the Plan, shares will be purchased on-market or issued by Qantas at the prevailing market price;
- iii. subject to the Terms & Conditions of the Plan, shares will not generally be able to be sold or otherwise dealt with (Disposal Restrictions) until, at a minimum, after the second anniversary of the registration of those shares in the Chief Financial Officer's name (Holding Lock Period);
- iv. at the expiry of the Holding Lock Period, provided the Chief Financial Officer is still an employee of Qantas, he will be entitled to receive one additional share for each nine Qantas shares acquired under the Plan (Matching Award);
- v. no loan will be made by Qantas in connection with the acquisition of shares by the Chief Financial Officer;

- vi. prior to this award, no shares have been issued to the Executive Directors under the Plan;
- vii. details of any shares purchased or issued under the Plan will be published in each Qantas Annual Report relating to a period in which the shares have been purchased or issued and that approval for the purchase or issue of shares was obtained under Listing Rule 10.14;
- viii. shares for the Chief Financial Officer will be acquired under this approval by 30 September 2003 except for shares purchased or issued under any Matching Award which will be purchased or issued at the expiry of the Holding Lock Period if he remains eligible. No shares will be purchased or issued under this approval later than three years after the date of the Meeting; and
- ix. any additional persons who become entitled to participate in the Plan after the Resolution is approved and who are not named in the Notice of Meeting, will not participate in the Plan until approval is obtained under Listing Rule 10.14.

Voting on the Ordinary Resolutions

Ordinary Resolution 5.1

In accordance with the Listing Rules, Qantas will disregard any votes cast on Ordinary Resolution 5.1 by Directors except those who are ineligible to participate in any Qantas employee incentive scheme and their associates.

However, Qantas need not disregard a vote if it is cast by:

- i. a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- ii. the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Ordinary Resolutions 5.2 and 5.3

In accordance with the Listing Rules, Qantas will disregard any votes cast on Ordinary Resolutions 5.2 and 5.3 by those Directors except those who are ineligible to participate in any Qantas employee incentive scheme and their associates.

However, Qantas need not disregard a vote if it is cast by:

- i. a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- ii. the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

The Directors (with Geoff Dixon and Peter Gregg absent and not voting) recommend that you vote in favour of these Ordinary Resolutions.

6. Qantas Profitshare Scheme

The shareholders approved the introduction of the Qantas Profitshare Scheme (QPS) at the 1996 AGM and approved awards of Qantas shares under the QPS to eligible employees.

Under Exception 9 of Listing Rule 7.2, an issue of securities under an employee incentive scheme is an exception to Listing Rule 7.1 (which contains the restrictions relating to issues exceeding 15% of the issued capital of the company) if, within three years before the date of the issue, shareholders have approved the issue of shares as an exception to Listing Rule 7.1.

As such, shareholders are being requested to approve the issue of shares under the QPS as an exception to Listing Rule 7.1.

Summary of QPS

QPS is designed to recognise the contribution of employees to the performance of Qantas. The objectives of QPS are to provide an opportunity for employees of the Qantas Group to participate as shareholders of Qantas.

Under QPS, if Qantas meets financial performance benchmarks set by the Board, each eligible employee can be issued with Qantas shares.

The market value (as determined by the Board) of Qantas shares granted to an eligible employee under QPS in any one-year period will not exceed \$1,000. Eligible employees will not be required to pay any amount for the issue of shares under QPS.

Generally, shares issued under QPS will be subject to a trading lock so that, for a period of three years after the relevant allotment date, shares cannot be sold.

There have been 29,359,573 ordinary shares issued under QPS since it was approved at the 1996 AGM. Since that time, approximately 30,000 Qantas Group employees have been issued with shares under QPS. The Directors believe that this has contributed significantly to the constructive relationship between employees and management and to the success of Qantas.

If you would like a copy of the Terms & Conditions of QPS, please contact the Qantas Share Registry. The Qantas Share Registry will mail you a copy at no charge.

Voting on the Ordinary Resolution

In accordance with the Listing Rules, Qantas will disregard any votes cast on Ordinary Resolution 6 by Directors except those who are ineligible to participate in any Qantas employee incentive scheme and their associates.

However, Qantas need not disregard a vote if it is cast by:

- i. a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form;
- ii. the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

The Directors recommend that you vote in favour of this Ordinary Resolution.

If you have any questions relating to any issue to be considered at the AGM, please call either myself or Janine Smith, Corporate Lawyer, (on (02) 9691 4262) prior to the AGM.

Yours sincerely

Brett Johnson
General Counsel & Company Secretary

ENCLOSURES

Enclosed with this letter are:

- i. Notice of Meeting;
- ii. Proxy Form to be completed if you would like to be represented at the AGM by proxy, together with a reply paid envelope; and
- iii. Attendance and Poll Card which we request you bring if you wish to attend the AGM.

NOTICE OF ANNUAL GENERAL MEETING

Notice is given that the Annual General Meeting of Qantas Airways Limited will be held:

Date: Thursday 17 October 2002
Time: 2:00pm
Venue: The Grand Ballroom of the Burswood Convention Centre, Perth

Please refer to the attached map.

BUSINESS

1. Consideration of Reports

To receive and consider the Financial Report, the Directors' Report and the Independent Auditor's Report of Qantas Airways Limited for the financial year ended 30 June 2002.

2. Questions and Comments

Shareholders will be given a reasonable opportunity to ask questions about or comment on the management and audit of Qantas.

3. Election of Directors

3.1 Trevor Kennedy

To consider and, if thought appropriate, pass the following Ordinary Resolution:

"That Trevor Kennedy, a Director retiring in accordance with the Constitution, being eligible, is re-elected as a Director of Qantas Airways Limited."

3.2 John Schubert

To consider and, if thought appropriate, pass the following Ordinary Resolution:

"That John Schubert, a Director retiring in accordance with the Constitution, being eligible, is re-elected as a Director of Qantas Airways Limited."

3.3 Paul Anderson

To consider and, if thought appropriate, pass the following Ordinary Resolution:

"That Paul Anderson, a Director retiring in accordance with the Constitution, being eligible, is elected as a Director of Qantas Airways Limited."

4. Non-Executive Directors' Fees

To consider and, if thought appropriate, pass the following Ordinary Resolution:

"That the maximum aggregate amount payable to Non-Executive Directors by way of Directors' Fees be increased from \$1,100,000 to \$1,500,000 per annum."

5. Qantas Deferred Share Plan

5.1 Introduction of the Qantas Deferred Share Plan

To consider and, if thought appropriate, pass the following Ordinary Resolutions:

“That:

1. the Qantas Deferred Share Plan, described in the explanatory letter accompanying the Notice of Meeting and in the form submitted to the Meeting and, for the purposes of identification, signed by the Chairman of the Meeting, is approved; and
2. pursuant to Exception 9 of Listing Rule 7.2, the issue of securities under the Qantas Deferred Share Plan is an exception to Listing Rule 7.1.”

5.2 Participation in the Qantas Deferred Share Plan by Geoff Dixon

To consider and, if thought appropriate, pass the following Ordinary Resolution:

“That, pursuant to Listing Rule 10.14 and under the Terms & Conditions of the Qantas Deferred Share Plan, Geoff Dixon, the Chief Executive Officer, is permitted to participate in the Qantas Deferred Share Plan as is contemplated by the explanatory letter accompanying the Notice of Meeting.”

5.3 Participation in the Qantas Deferred Share Plan by Peter Gregg

To consider and, if thought appropriate, pass the following Ordinary Resolution:

“That, pursuant to Listing Rule 10.14 and under the Terms & Conditions of the Qantas Deferred Share Plan, Peter Gregg, the Chief Financial Officer, is permitted to participate in the Qantas Deferred Share Plan as is contemplated by the explanatory letter accompanying the Notice of Meeting.”

6. Qantas Profitshare Scheme

To consider and, if thought appropriate, pass the following Ordinary Resolution:

“That, pursuant to Exception 9 of ASX Listing Rule 7.2, the issue of securities under the Qantas Profitshare Scheme is an exception to ASX Listing Rule 7.1.”

Dated: 10 September 2002

By Order of the Board

Brett Johnson
General Counsel & Company Secretary

Notes:

1. A shareholder entitled to attend and vote is entitled to appoint not more than two proxies.
2. A shareholder who appoints two proxies may state on the Proxy Form what proportion or number of the shareholder's votes each proxy is being appointed to exercise. If a shareholder appoints two proxies and does not specify the proportion or number of votes each proxy may exercise, each of the proxies may exercise half the votes.
3. Where a shareholder has appointed two proxies, on a show of hands only the first person named on the Proxy Form or, if two Proxy Forms have been completed, the person whose name is earlier in alphabetical sequence, may vote.

4. A proxy need not be a shareholder of Qantas.
5. Either the original or a facsimile transmission of the Proxy Form(s) and any Power of Attorney or authority under which they are signed **must** be received at the Registered Office or the Qantas Share Registry at least 48 hours prior to the Meeting (ie before 2:00pm on Tuesday 15 October 2002) or any adjournment. Any Proxy Form received after this deadline, including at the Meeting, will be treated as invalid.
6. The Proxy Form accompanies this Notice of Meeting.
7. Additional Proxy Forms will be supplied by the Qantas Share Registry on request.
8. If a corporate representative is to attend the Meeting on behalf of a corporation, a formal Notice of Appointment must be brought to the Meeting.
9. For the purposes of the Meeting, in accordance with regulation 7.11.37 of the Corporations Regulations, the Board has determined that a person's entitlement to vote at the Meeting will be the entitlement of that person set out in the register of shareholders as at 7.00pm, on Tuesday 15 October 2002. Accordingly, transactions registered after that time will be disregarded in determining shareholders entitled to attend and vote at the Meeting.

Registered Office

Qantas Airways Limited
Qantas Centre
Level 9 Building A
203 Coward Street
Mascot NSW 2020
Australia
Fax: 61 2 9691 3339

Qantas Share Registry

Level 8
580 George Street
Sydney NSW 2000
Australia
Locked Bag A14
Sydney South NSW 1232
Australia
Toll Free: 1800 177 747
International: 61 2 8280 7390 or
Fax: 61 2 8280 7646

