

Broadening our horizons





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Chairman's Letter to Shareholders

2 October 2012

Dear Shareholder

On behalf of the Board of Directors, I invite you to the 2012 Annual General Meeting of Qantas Airways Limited (Qantas) to be held on Friday 2 November 2012 at 11:00am in the National Ballroom at Hotel Realm in Canberra.

The AGM is an important event for Qantas and provides shareholders with an opportunity to receive an update on Qantas' performance during the year, to ask questions of the Board, Management and the company's Auditors and to vote on items of business before the Meeting.

Enclosed is the 2012 Notice of Meeting, together with the Proxy Form and AGM Question Form. A map of the AGM venue detailing parking and public transport information is also enclosed.

If you are attending the AGM please bring your personalised Proxy Form with you. This will allow Qantas' Share Registry to promptly register your attendance.

For those of you unable to attend the AGM, you can:

- lodge a proxy vote or appoint a proxy to attend and vote on your behalf at the AGM by completing the enclosed Proxy Form and returning it to Qantas' Share Registry in the enclosed reply paid envelope or by lodging your vote online via www.qantas.com.au/travel/airlines/investors-annual-meetings/global/en
- submit questions to me or the Auditor by completing the enclosed AGM Question Form and returning it to Qantas' Share Registry
- follow a live webcast of the AGM proceedings via www.qantas.com.au/travel/airlines/investors-annual-meetings/global/en

Following conclusion of the Meeting, you are welcome to join the Board and Management for light refreshments.

The Board and I look forward to seeing you at the AGM.

Yours sincerely



Leigh Clifford
Chairman

Notice of Annual General Meeting

Notice is given that the Annual General Meeting (AGM) of Qantas Airways Limited ABN 16 009 661 901 (Qantas) will be held:

Date: Friday 2 November 2012
 Time: 11:00am
 Venue: National Ballroom
 Hotel Realm
 18 National Circuit
 Barton, Australian Capital Territory
Please refer to the enclosed map

Shareholders who are unable to attend the AGM and who have access to the internet will be able to access a live webcast of the AGM on the Qantas website at www.qantas.com.au/travel/airlines/investors-annual-meetings/global/en

ITEMS OF 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 2012.

2. ELECTION OF DIRECTORS

2.1 William Meaney

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

"That, William Meaney, a Non-Executive Director appointed by the Directors on 15 February 2012 pursuant to clause 6.5(a) of the Constitution and retiring in accordance with the Constitution, being eligible, is elected as a Non-Executive Director of Qantas Airways Limited."

2.2 Peter Cosgrove

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

"That, Peter Cosgrove, a Non-Executive Director retiring in accordance with the Constitution, being eligible, is re-elected as a Non-Executive Director of Qantas Airways Limited."

2.3 Garry Hounsell

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

"That, Garry Hounsell, a Non-Executive Director retiring in accordance with the Constitution, being eligible, is re-elected as a Non-Executive Director of Qantas Airways Limited."

2.4 James Strong

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

"That, James Strong, a Non-Executive Director retiring in accordance with the Constitution, being eligible, is re-elected as a Non-Executive Director of Qantas Airways Limited."

3. PARTICIPATION OF THE CHIEF EXECUTIVE OFFICER, ALAN JOYCE, IN THE LONG TERM INCENTIVE PLAN

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

"That, Alan Joyce, the Chief Executive Officer of Qantas Airways Limited, is permitted to participate in the Qantas Long Term Incentive Plan as is contemplated by the Explanatory Notes accompanying the 2012 Notice of Meeting."

4. REMUNERATION REPORT

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

"That, the Remuneration Report for the year ended 30 June 2012 (set out in the Directors' Report) is adopted."

By Order of the Board



Taryn Morton
 Company Secretary
 2 October 2012

Explanatory Notes

1. CONSIDERATION OF REPORTS

The Financial Report, the Directors' Report and the Independent Auditor's Report for the year ended 30 June 2012 (which are contained in the 2012 Annual Report) will be presented for consideration.

A printed copy of the 2012 Annual Report, or an email advising that the 2012 Annual Report is available on the Qantas website at www.qantas.com, has been sent to each shareholder who has requested it.

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

The Chairman will also give shareholders a reasonable opportunity to ask the Auditor questions relevant to:

- the conduct of the audit;
- the preparation and content of the Independent Auditor's Report;
- the accounting policies adopted by Qantas in relation to the preparation of the financial statements; and/or
- the independence of the Auditor in relation to the conduct of the audit.

The Chairman will also give the Auditor a reasonable opportunity to answer written questions submitted by shareholders that are relevant to the content of the Independent Auditor's Report or the conduct of the audit. A list of written questions to the Auditor submitted by shareholders, if any, will be made available to shareholders at the start of the AGM and any written answers tabled by the Auditor at the AGM will be made available as soon as practicable.

2. ELECTION OF DIRECTORS

2.1 William Meaney

William Meaney was appointed by the Directors as an Independent Non-Executive Director on 15 February 2012 pursuant to clause 6.5(a) of the Qantas Constitution, which allows the Board to appoint a Director to fill a casual vacancy or as an addition to the existing Directors.

Mr Meaney retires as required by clause 6.5(b) of the Qantas Constitution and, being eligible, offers himself for election as an Independent Non-Executive Director.

Mr Meaney has extensive international experience in advisory and executive roles. He is a Director of moksha8 Pharmaceuticals, Inc and until recently he served as Chief Executive Officer of The Zuellig Group. Mr Meaney is a Member of the Asia Business Council and also serves as Trustee of Carnegie Mellon University and Rensselaer Polytechnic Institute.

Mr Meaney has had broad airline experience, having been the Managing Director and Chief Commercial Officer of Swiss International Airlines and Executive Vice President of South African Airways responsible for sales, alliances and network management.

Prior to these roles, Mr Meaney spent 11 years providing strategic advisory services at Genhro Management Consultancy,

as the Founder and Managing Director, and as a Principal with Strategic Planning Associates.

Mr Meaney holds United States, Swiss and Irish citizenships.

The Board believes that Mr Meaney's aviation, Asian business and management experience enables him to make a significant contribution as an Independent Non-Executive Director to the Qantas Board.

Mr Meaney says, "I am honoured to join the Board of Qantas, where my aviation and business experience should enable me to serve Qantas shareholders well."

The Directors (with Mr Meaney abstaining) recommend that you vote in favour of this Ordinary Resolution.

2.2 Peter Cosgrove, AC, MC

Peter Cosgrove retires by rotation and, being eligible, offers himself for re-election as an Independent Non-Executive Director.

General 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 and the Australian Rugby Union. He is Chairman of the South Australian Defence Industry Advisory Board and Leading Age Services Australia and Chancellor of the Australian Catholic University.

General Cosgrove served in the Australian Army from 1965 including command of the International Forces in East Timor from 1999 until the International Forces were 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.

The Board believes that General Cosgrove's extensive strategic, operational and management experience brings a unique perspective to the deliberations of the Board and to the Safety, Health, Environment and Security Committee.

General Cosgrove says, "It has been a privilege for me to serve as a Director of one of Australia's most iconic companies. I look forward to continuing to apply my operational and management experience to Board and Safety, Health, Environment and Security Committee deliberations and to the Board of Qantas Superannuation Limited, as the Qantas appointed director."

The Directors (with General Cosgrove abstaining) recommend that you vote in favour of this Ordinary Resolution.

2.3 Garry Hounsell

Garry Hounsell retires by rotation and, being eligible, offers himself for re-election as an Independent Non-Executive Director.

Mr 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, Nufarm Limited and Treasury

Explanatory Notes continued

Wine Estates Limited. He is also Chairman of Investec Global Aircraft Fund, a Director of Ingeus Limited and a Board Member of law firm Freehills.

Mr Hounsell is the former Deputy Chairman of Mitchell Communication Group Limited. He is also a former Senior Partner of Ernst & Young and Chief Executive Officer and Country Managing Partner of Arthur Andersen.

The Board believes that Mr Hounsell's significant business, accounting and audit experience enables him to make a valuable contribution as an Independent Non-Executive Director, in particular as Chairman of the Audit Committee. Mr Hounsell is transitioning board commitments and has advised the Board that he will retire from one of his directorships in the near future.

Mr Hounsell says, "I am committed to the Qantas Board and in particular to my role as Chairman of the Audit Committee. I look forward to continuing to apply my skills for the future benefit of Qantas and its stakeholders."

The Directors (with Mr Hounsell abstaining) recommend that you vote in favour of this Ordinary Resolution.

2.4 James Strong, AO

James Strong retires by rotation and, being eligible, offers himself for re-election as an 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 Organising Committee for the ICC Cricket World Cup 2015. He is also a member of the Nomura Australia Advisory Board and a Director of the Australian Grand Prix Corporation and the Sydney Writers' Festival.

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.

The Board believes that Mr Strong's extensive business, aviation and operational experience and leadership skills bring significant strength to the Qantas Board and Remuneration Committee.

Mr Strong says, "I am pleased to be involved with Qantas as an Independent Non-Executive Director and as Chairman of the Remuneration Committee. I will continue to use my background and extensive experience in aviation and business to add value to Board and Remuneration Committee deliberations."

The Directors (with Mr Strong abstaining) recommend that you vote in favour of this Ordinary Resolution.

3. PARTICIPATION OF THE CHIEF EXECUTIVE OFFICER, ALAN JOYCE, IN THE LONG TERM INCENTIVE PLAN

The approval of shareholders is sought to permit the Chief Executive Officer (CEO) to participate in the Long Term Incentive Plan (LTIP) for the 2012/2013 financial year (2012 Grant).

Under ASX Listing Rule 10.14, shareholder approval is not required where the CEO acquires securities under an employee equity incentive plan and those securities are acquired on-market.

While it is the Board's current intention that any shares that may be awarded to the CEO will be purchased on-market, shareholder approval of Mr Joyce's participation in the 2012 Grant is being sought regardless.

The LTIP reward opportunity for the CEO has been set at 80% of Fixed Annual Remuneration (FAR). In setting this target, the Board makes reference to external benchmark market data including comparable roles in other listed Australian companies and international airlines. The primary benchmark is a revenue based peer group of other S&P/ASX companies and the Board believes that this is an appropriate benchmark as it is the comparator group that best mirrors the complexity of and challenges in managing Qantas' business, and it is also the peer group with which Qantas competes for executive talent.

An overview of the 2012 Grant to Mr Joyce is set out below. Further details of Mr Joyce's remuneration package are set out in the Remuneration Report on pages 44 to 45 of the 2012 Annual Report.

Maximum Entitlement under 2012 Grant

Subject to shareholder approval, Mr Joyce will be granted 2,575,000 Performance Rights (Rights) under the 2012 Grant.

At the end of the three year performance period for the 2012 Grant (Performance Period), performance conditions for the 2012 Grant (Performance Conditions) are tested. If:

- Performance Conditions are fully achieved, Rights vest and convert to Qantas shares on a one-for-one basis; and
- Performance Conditions are not achieved, Rights lapse.

The Performance Conditions are detailed below.

The number of Rights to be granted to Mr Joyce has been calculated as follows:

$$2,575,000 \text{ Rights} = \frac{(\$2,125,000 \times 80\%)}{\$0.66}$$

Where:

- \$2,125,000 is Mr Joyce's FAR for 2012/2013;
- 80% is the 'at target' percentage of FAR determined by the Board for Mr Joyce's 2012 Grant; and
- \$0.66 is the fair value of each Right as at 30 June 2012.

Explanatory Notes *continued*

The fair value of each Right was determined from a valuation performed by PricewaterhouseCoopers, in accordance with AASB 2: Share-based Payments as at 30 June 2012 (being the last day before commencement of the Performance Period). The fair value calculation reflects the possibility that the performance hurdles applicable to the 2012 Grant may not be met and is discounted for the estimated value of dividends foregone during the vesting period.

Grant Date of Rights

If shareholder approval is obtained, the Rights will be granted to Mr Joyce no later than 30 days after the date of the AGM.

Performance Period

The three year Performance Period commences on 1 July 2012 and ends on 30 June 2015.

Performance Conditions

The Performance Conditions comprise two performance hurdles:

a Companies with ordinary shares included in the S&P/ASX100 Index

Up to one-half of the total number of Rights granted to the CEO may vest based on the relative growth in the Total Shareholder Return (TSR) of Qantas in comparison to the S&P/ASX100 Index as follows:

Qantas TSR performance compared to the S&P/ASX100	Satisfaction of performance hurdle
0 to 49th percentile	Nil
50th to 74th percentile	Linear scale: 50% to 99% satisfied
75th to 100th percentile	100% satisfied

b Basket of Global Listed Airlines

Up to one-half of the total number of Rights granted to the CEO may vest based on the relative growth in the TSR of Qantas in comparison to the basket of global listed airlines selected by the Board (Global Listed Airlines) as follows:

Qantas TSR performance compared to the Airline Basket	Satisfaction of performance hurdle
0 to 49th percentile	Nil
50th to 74th percentile	Linear scale: 50% to 99% satisfied
75th to 100th percentile	100% satisfied

The basket of Global Listed Airlines was selected with regard to financial standing, level of government involvement and is also representative of Qantas' key competitor markets. The basket of Global Listed Airlines contains both full service and value based airlines and comprises:

- Air Asia
- Air France / KLM
- Air New Zealand
- All Nippon Airways
- British Airways / Iberia (International Airlines Group)
- Cathay Pacific
- Delta Airlines
- Easyjet
- LATAM Airlines Group
- Lufthansa
- Ryanair
- Singapore Airlines
- Southwest Airlines
- Tiger Airways
- Virgin Australia

Price on Grant or Vesting

No amount will be payable in respect of the Grant or upon vesting of the Rights.

Further Trading Restrictions

Any shares allocated on vesting of the Rights will be subject to the Qantas Employee Share Trading Policy, but not to any other trading restrictions.

Cessation of Employment

Mr Joyce will forfeit any Rights which have not vested if he ceases employment with the Qantas Group.

In limited circumstances (for example, retirement, redundancy, death or total and permanent disablement), Mr Joyce may receive a deferred cash payment at the end of the Performance Period. Any such payment will be determined with regard to the value of the Rights which would have vested had they not lapsed and:

- the part of the Performance Period that Mr Joyce served prior to termination; and
- the actual level of vesting that is ultimately achieved at the end of the Performance Period.

The Board retains a discretion to determine otherwise in appropriate circumstances which may include leaving some or all of the Rights on foot, or for some or all of the Rights to vest on cessation of employment having regard to the portion of the Performance Period that has elapsed and the degree to which the Performance Conditions have been achieved.

Other Information

Mr Joyce is the only Qantas Director who is eligible to participate in Qantas' equity incentive plans. Mr Joyce was granted 1,675,000 rights under the 2012-2014 LTIP, following shareholder approval at the 2011 AGM. These rights are subject to performance hurdles which will be tested as at 30 June 2014. These rights were provided at no cost to Mr Joyce.

Voting on Ordinary Resolution 3

Key Management Personnel (KMP) or their closely related parties cannot cast a vote as a proxy for a shareholder entitled to cast a vote, if the proxy is not directed how to vote, on Ordinary Resolution 3 unless:

- i the KMP is the Chairman of the Meeting; and
- ii the appointment of the Chairman as proxy expressly authorises him to exercise the proxy in accordance with a direction to vote as he decides, even though Ordinary Resolution 3 is connected directly with the remuneration of a KMP.

KMP are Directors of Qantas and those persons having authority and responsibility for planning, directing and controlling the activities of Qantas, directly or indirectly.

Qantas will disregard any votes cast on Ordinary Resolution 3 by or on behalf of Mr Joyce and his associates, except if the votes are cast as a proxy for a shareholder entitled to cast a vote, in accordance with the directions on the Proxy Form.

Explanatory Notes continued

The Directors (with Mr Joyce abstaining) recommend that you vote in favour of this Ordinary Resolution.

4. REMUNERATION REPORT

The 2012 Remuneration Report is contained in the Directors' Report set out on pages 42 to 62 of the 2012 Qantas Annual Report.

The 2012 Remuneration Report:

- explains Qantas' executive remuneration philosophy and objectives and the link between the remuneration of employees and Qantas' performance;
- sets out remuneration details for each Director and for each named Executive; and
- makes clear that the basis for remunerating Non-Executive Directors is distinct from the basis for remunerating Executives, including Executive Directors.

The Chairman will give shareholders a reasonable opportunity to ask questions about or comment on the 2012 Remuneration Report.

An Advisory Resolution that the 2012 Remuneration Report is adopted will then be put to shareholder vote.

Voting on Advisory Resolution 4

Qantas will disregard any votes cast on this Advisory Resolution by or on behalf of a KMP whose remuneration is detailed in the Remuneration Report and his/her closely related parties except if the votes are cast as a proxy for a shareholder, entitled to cast a vote, in accordance with the voting directions on the Proxy Form.

However, the Chairman of the Meeting may vote an undirected proxy as he decides on this Advisory Resolution if the proxy appointment expressly authorises the Chairman to exercise the proxy even though this Advisory Resolution is connected directly with the remuneration of a KMP.

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

Information for Shareholders

- 1 A shareholder entitled to attend and vote is entitled to appoint not more than two proxies. Shareholders can appoint a body corporate or an individual as their proxy. A body corporate may appoint an individual as its representative to exercise any of the powers the body may exercise at general meetings of Qantas or in the capacity of a shareholder's proxy at general meetings of Qantas. The appointment may be a standing one. Unless the appointment states otherwise, the representative may exercise all of the powers that the appointing body could exercise at a general meeting or in voting on a resolution.
- 2 A shareholder who is entitled to cast two or more votes may appoint two proxies and 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 shareholder's votes.
- 3 If a shareholder has appointed two proxies and if a resolution is to be decided on a show of hands, only the first person named on the Proxy Form may vote. 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, facsimile or electronic transmission of the Proxy Form(s) and any Power of Attorney or authority under which the Proxy Form(s) is signed must be received at least 48 hours prior to the AGM (i.e. by no later than 11:00am (Australian Eastern Daylight Saving Time (AEDST)) on Wednesday 31 October 2012) or any adjournment. Any Proxy Form received after this deadline, including at the AGM, will be invalid.
- 6 A Proxy Form accompanies this Notice of Meeting. You can send your completed and signed Proxy Form by mail in the enclosed reply paid envelope, or by facsimile. Details are shown on the Proxy Form.
- 7 Additional Proxy Forms will be supplied by Qantas' Share Registry, Link Market Services, on request.
- 8 Shareholders are encouraged to use the online voting facility that can be accessed on the Qantas website at www.qantas.com.au/travel/airlines/investors-annual-meetings/global/en to ensure the timely and cost effective receipt of your proxy.
- 9 If a corporate representative is to attend the AGM on behalf of a corporation, a formal Notice of Appointment must be brought to the AGM.
- 10 In accordance with Regulation 7.11.37 of the Corporations Regulations 2001, the Board has determined that a person's entitlement to vote at the AGM will be the entitlement of that person set out in the register of shareholders as at 7:00pm (AEDST) on Wednesday 31 October 2012. Accordingly, transactions registered after that time will be disregarded in determining shareholders entitled to attend and vote at the AGM.
- 11 If you wish a question to be put to the Chairman or Auditor and you are not able to attend the AGM, please complete the AGM Question Form which accompanies this Notice of Meeting.
- 12 Either the original or a facsimile transmission of the AGM

Question Form must be received at least five business days prior to the AGM (i.e. by no later than 5:00pm (AEDST) on Friday 26 October 2012) or any adjournment. This is to allow time to collate questions and to prepare answers.

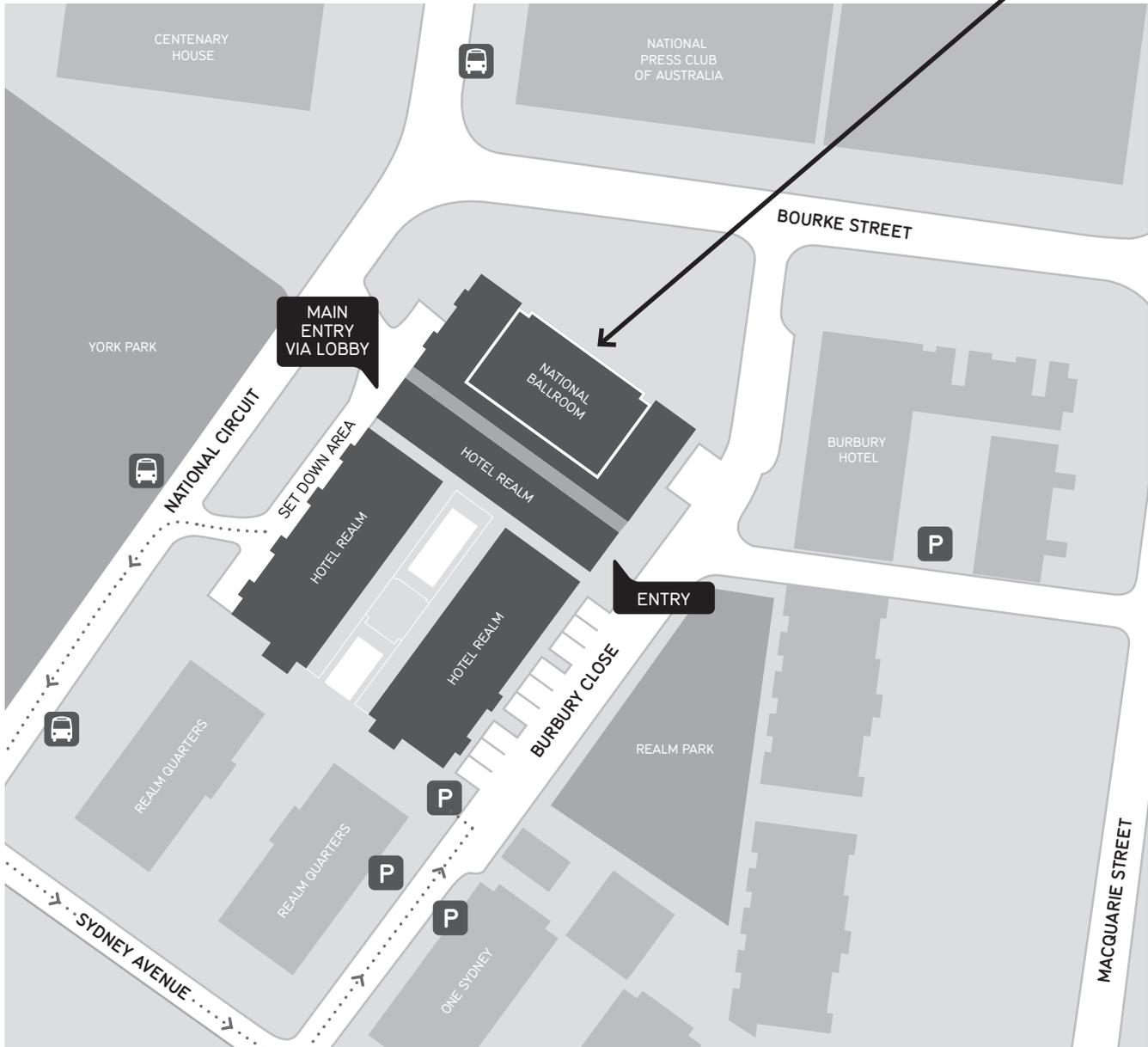
ENCLOSURES

Enclosed are:

- a Proxy Form to be completed if you would like to be represented at the AGM by proxy. Shareholders are encouraged to use the online voting facility that can be accessed on the Qantas website at www.qantas.com.au/travel/airlines/investors-annual-meetings/global/en to ensure the timely and cost effective receipt of your proxy;
- an AGM Question Form to be completed if you would like a specific question to be addressed by the Chairman or Auditor at the AGM; and
- a reply paid envelope for you to return either or both the Proxy Form and AGM Question Form.

VENUE MAP

The 2012 Annual General Meeting will be held in the National Ballroom at Hotel Realm, 18 National Circuit, Barton, Australia Capital Territory at 11:00am on Friday 2 November.



PUBLIC TRANSPORT AND PARKING INFORMATION

-  **BUS**
The nearest bus stops to Hotel Realm are located on National Circuit.
-  **PARKING**
Parking is available at Hotel Realm, enter from Burbury Close.

-  **ALTERNATIVE PARKING**
Parking is also available at the Burbury Hotel, Realm Quarters and One Sydney.
-  Accessible parking is available on Level B1 at Hotel Realm and there is nearby lift access directly to the National Ballroom.

