Executive Summary

- Significant strategic developments announced today
  - **Initial Phase** of comprehensive plan to turnaround the Qantas International business
  - Building on successful Pan-Asia growth with launch of Jetstar Japan in 2012
  - Underpinned by flexible fleet plan, including A320 investment and deferral of A380 deliveries

- Transforming Qantas International: building sustainable returns for shareholders
  - Continued focus on customer excellence and premium product positioning
  - Confirmed intention to invest in a new premium, full-service airline based in Asia
  - Restructured Joint Services Agreement with British Airways
  - Significantly reducing capital investment by US$2.3b¹ in underperforming Qantas International

- Detailed FY11 results briefing on 24 August 2011 - no change to current earnings guidance

¹ Based on A380 list prices, actual prices paid are commercial-in-confidence
Strategy

Deliver Sustainable Returns to Shareholders

Safety is always our first priority

Building on our strong domestic business
- Profitably building on 65% market share through dual brands
- Deepening FFP\(^1\) member and partner engagement
- Growing our portfolio of related businesses
- Transforming Qantas International
- Growing Jetstar in Asia

Evolving the customer and dual brand strategy

Engaging and developing our people

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1. FFP = Frequent Flyer Program

Building On Our Strong Domestic Business

Powerful domestic franchise underpins Group’s success

Sustainable Competitive Advantages
- Superior in-flight experience and on-time performance
- Largest wide-body fleet
- Greater frequency, biggest network
- Strongest regional franchise
- Strong partnerships & alliances
- Owned terminals
- World class lounges
- Market leading check-in technology
- Largest travel website (qantas.com)

- 8.0 million members
- World class customer insights
- Deep home market penetration
- Extensive award opportunities
- Faster earn capabilities
- Record high member engagement
- World leading coalition of partners

- Simple, high quality product
- Market leader in ancillary revenue
- Low cost leader
- Strong brand & customer perception
- Extensive leisure network
- Common A320/1 aircraft fleet

Strategic Priorities
- Setting new standards for customer experience
- Building on frequency advantage
- Capitalising on resources sector growth
- Best fleet

- Enhancing member proposition
- Adding to world leading partner portfolio
- Diversifying revenue streams
- Leveraging IP and member penetration

- Singularly focused on price sensitive market
- Maintaining low cost position
- Driving ancillary revenue
- Best fleet
Transform Qantas International

Transformation Plan

5 Year Transformation Plan

To be one of the world’s best premium airlines, setting global standards for long haul travel while delivering attractive returns to shareholders

- the right network, connections and frequencies
- a great flying experience
- a loyalty program with the best incentives and benefits
Clear Objectives Established

### Short term

**Objectives**

- Return Qantas International to profitability

**Milestones**

- Reduce losses of Qantas International business then improve profitability
- Rationalise and restructure unprofitable capital, selectively invest in transformational opportunities

### Long term

**Objectives**

- Sustainably exceed cost of capital for Qantas Airline segment

**Milestones**

- Profitably grow earnings of International business
- Consider capital reinvestment, pursue growth opportunities

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1. As defined in the 2010 Annual Report Note 2 (page 60). Qantas represents the Qantas passenger flying businesses and related businesses, and excludes Jetstar, Qantas Freight and Qantas Frequent Flyer.

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Customer Excellence

- Enabling our people to deliver consistent excellence to our customers
- Enhanced by award-winning standard of Qantas A380 and improved ground experience
  - 12 x A380 in service by the end of 2011 and upgrade of 9 x B744 completed by the end of 2012
  - New and refreshed premium lounges in Los Angeles, Singapore and Hong Kong
  - Deployment of new B737 aircraft and introduction of market-leading check-in technology across the Tasman
- Building on market leading loyalty proposition of Qantas Frequent Flyer
  - New tier for highest flyers - Platinum One
  - Doubled points bonus in premium cabins
  - Increased Silver and Gold points bonus
  - Qantas epiQure launch and acquisition of Wishlist
Strengthen Asia

- Intention to invest in a new premium, full-service airline based in Asia under a new brand
  - Participate in the frequency and network advantage of being a hub carrier
  - Enable the Group to offer customers same-day travel from Australia to Asia and increase frequencies from Australian gateways
  - Expand the intra-Asia network with connections to multiple Asian destinations
  - Leverage the Group’s experience in Asia
  - Leverage the Group’s corporate customer relationships
  - Leverage the Group’s existing alliance networks
- Exploring various potential base locations
- Premium configuration, utilising next-generation, in-flight and seat technologies
- Fleet requirements - up to 11 x A320 aircraft

1. Including the A320 fleet order announced today

Deepen and Broaden Alliances

- Qantas and British Airways will continue to provide services from Australia to London, connecting through Singapore as a premium hub into Europe
- Qantas to maintain flying to London with premium product (A380 aircraft or equivalent product)
- Bangkok and Hong Kong will leverage partner network adjacency
  - Qantas to continue services between Australia to Bangkok and Hong Kong but will eliminate unprofitable, asset-intensive flying between Bangkok and Hong Kong to London
  - British Airways to operate services between Bangkok and Hong Kong to London
  - British Airways to cancel one service between London and Australia
- Qantas to retain ownership of slots at Heathrow and lease to British Airways
- Commencing early 2012
- Release 4 x B744 for retirement

- Replace Buenos Aires with three-weekly service to Santiago
  - Larger, more premium market
  - Better and more frequent connections with LAN to other South American destinations
- Commencing early 2012

Anticipate further progress this calendar year
Ongoing Business Improvement

Right aircraft, right routes

Network optimisation

Margin improvement

Reduced Capex - Qantas International

- Significantly reduced capital investment in underperforming Qantas International
- Reduced short-term capex profile
  - Deferred delivery of 6 x A380 from FY14-FY16 to FY19 and beyond, valued at US$2.3b\(^1\)
  - Strengthens key balance sheet metrics
- Reduced long-term capex profile
  - Deferred 6 x A380 become replacement aircraft for 6 x B744ER from FY19

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1. Based on list prices, actual prices paid are commercial-in-confidence
People

- About 1,000 roles will be redundant
  - Affecting positions across Management, Pilots, Cabin Crew, Engineering and Airport Administration
- Substantial voluntary redundancy programs
- Opportunities for alternative roles and redeployment in the Group
- Opportunities to take leave without pay during the transformation period
- Seeking to minimise compulsory redundancies

Next Steps

- These initiatives form the **Initial Phase** of the Qantas International Transformation Strategy
- Clear milestones are in place defining short and long term objectives
  - Reduce losses → Improve profitability → Drive profitable growth
  - Rationalise and restructure unprofitable capital → Consider investment in profitable opportunities → Invest to build long-term shareholder value
- Further initiatives to achieve the 5 Year Transformation Plan are in progress
- Announcements regarding further developments will be made in the coming months
- Transformation costs for this initial phase are still being assessed, preliminary estimates are in the range of $350m to $450m with more than half being non-cash charges
Jetstar well-established in Asia

- Jetstar Group is one of the fastest growing airlines in the Asia Pacific region
  - Operations based across two continents and four countries
  - Servicing 17 countries, 56 destinations
  - Combined operating fleet of 78 aircraft\(^1\)
  - 2,400 flights per week and growing
- Jetstar brand embedded in Asia
  - Significant growth into China - now serving 9 ports, 12 by the end of 2011
  - Launch of long-haul A330 base in Singapore
- Jetstar Asia strong profits and growing

Jetstar Asia ASKs (millions)

<table>
<thead>
<tr>
<th>Quarter</th>
<th>4Q09</th>
<th>1H10</th>
<th>2H10</th>
<th>1H11</th>
<th>2H11</th>
</tr>
</thead>
<tbody>
<tr>
<td>ASKs</td>
<td>876</td>
<td>1,825</td>
<td>2,189</td>
<td>2,672</td>
<td>3,202</td>
</tr>
</tbody>
</table>

\(^1\) Including Jetstar Pacific aircraft
Jetstar Japan to launch in 2012

- First true LCC in Japanese market
- JAL and Mitsubishi strong local partners
  - Economic interests – Jetstar and JAL 42%, Mitsubishi 16%
  - Equal voting interests
- Large market with low LCC penetration
- Leverages strong Jetstar brand position
- Rapid growth to 24 aircraft\(^1\) in first few years
- Focus on domestic and international leisure destinations
- Qantas Group investment of c¥5b (c$64m) over 3 tranches

Reinforcing Jetstar as the largest LCC in Asia Pacific\(^2\)

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Disciplined Investment in Fleet

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1. Off balance sheet for Qantas Group
2. Based on gross revenues
A320 Fleet Order - Disciplined Investment

<table>
<thead>
<tr>
<th>Indicative Timing</th>
<th>No. Aircraft &amp; Type</th>
<th>Indicative Allocations</th>
<th>Flexibility</th>
</tr>
</thead>
<tbody>
<tr>
<td>SHORT TERM</td>
<td>32 x A320</td>
<td>24 aircraft to Jetstar Japan off QAN balance sheet</td>
<td>Configured to enable flexible allocation</td>
</tr>
<tr>
<td>FY13 - FY16</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>LONG TERM</td>
<td>78 x A320neo</td>
<td>8 aircraft to start new premium airline based in Asia²</td>
<td>Qantas Group has significant fleet flexibility including substantial reschedule rights, lease expiries and retirements</td>
</tr>
<tr>
<td>FY16 - FY20</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

1. Fleet order contract has significant order and delivery flexibility including substantial reschedule rights and 2 options plus 32 rolling purchase rights (equivalent to 192 purchase rights)

2. Up to 11 aircraft will be deployed to the investment in a new Asian-based airline with additional aircraft sourced from existing fleet orders

A320 Fleet

- New fleet order is attractively priced and provides flexibility to manage fleet requirements against demand
- New fleet order secures early access to more efficient, new-technology A320neo aircraft from FY16
  - Unit cost advantage of around 8% over current A320 aircraft
    - up to 15% lower fuel burn
    - up to 20% lower engine maintenance costs
    - improved payload range capability
  - Longer range opens new destinations
  - Highly sought after - Airbus has over 1,150 firm and 400 option aircraft orders to date with supply limited in initial production years FY16-FY18
Capital Management

- Planned net capital expenditure of $2.5b in FY12 and $2.8b in FY13
- Significant cash reserves - over $3.4b at 30 June 2011
- $315m unsecured syndicated loan extended to April 2015 - upsized to $450m
- Mandated funding already in place for FY12 aircraft deliveries including 2 x A380, 10 x B737-800 and 3 x Q400
- Continue to leverage balance sheet strength to fund upcoming deliveries with a mix of:
  - Cash reserves, sale and leaseback, bank funding and ECA funding
- No financial covenants in any financing facilities
- Continue to focus on release of capital from non-core assets and operations where appropriate

Flexible Investment Profile

- Fleet flexibility demonstrated to date
  - Deferred delivery of 6 x A380 aircraft
  - Early retirement of B744, B767 and B734 aircraft
  - Deferred delivery of B738 aircraft
  - Non renewal of B738 and A320 lease
- Future fleet plan includes flexibility to scale up or down to meet market demand
  - Contractual cancellation rights
  - Up to 95 narrow-body aircraft and 25 wide-body aircraft lease renewals over next 10 years with 43 over the next 3 years
  - Aircraft delivery reschedule rights
  - Up to 50 aircraft retirements over the next 5 years
  - Purchase options and purchase rights
- Average fleet age\(^1\) will be 8.6 years in FY11 and is expected to decline to 8.3 years in FY12

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1. Includes recently announced A320 aircraft order, does not include 24 aircraft for Jetstar Japan and 10 aircraft for Jetstar Pacific
2. Excludes Express Freighters and Network Aviation

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Aircraft deliveries (indicative timing)

<table>
<thead>
<tr>
<th>Aircraft Type</th>
<th>FY12</th>
<th>FY13 – FY18</th>
<th>FY19 – FY24</th>
</tr>
</thead>
<tbody>
<tr>
<td>A380-800</td>
<td>2</td>
<td>2</td>
<td>6</td>
</tr>
<tr>
<td>A330-200</td>
<td>2</td>
<td>1</td>
<td>-</td>
</tr>
<tr>
<td>B787-8</td>
<td>-</td>
<td>15</td>
<td>-</td>
</tr>
<tr>
<td>B787-9</td>
<td>-</td>
<td>35</td>
<td>-</td>
</tr>
<tr>
<td>A320 Family  (^1)</td>
<td>9</td>
<td>80</td>
<td>42</td>
</tr>
<tr>
<td>B737-800</td>
<td>12</td>
<td>11</td>
<td>-</td>
</tr>
<tr>
<td>B717</td>
<td>2</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Q400</td>
<td>3</td>
<td>3</td>
<td>-</td>
</tr>
<tr>
<td>F100</td>
<td>5</td>
<td>5</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total Deliveries</strong></td>
<td><strong>35</strong></td>
<td><strong>152</strong></td>
<td><strong>48</strong></td>
</tr>
</tbody>
</table>
Summary

- **Initial Phase** of comprehensive plan to turnaround the Qantas International business
  - Continued focus on customer excellence and premium product positioning
  - Strengthen our presence in Asia with intention to invest in a new premium airline
  - Deepen and broaden alliances
  - Significantly reducing capital investment in underperforming Qantas International

- Further initiatives underway to achieve 5 Year Transformation Plan, announcements regarding developments will be made over the coming months

- Milestones defined for short and long term objectives

- Building on successful Pan-Asia growth with launch of Jetstar Japan in 2012

- Flexible fleet plan including new Airbus A320neo fleet order

- **A clear plan to build long-term shareholder value**