

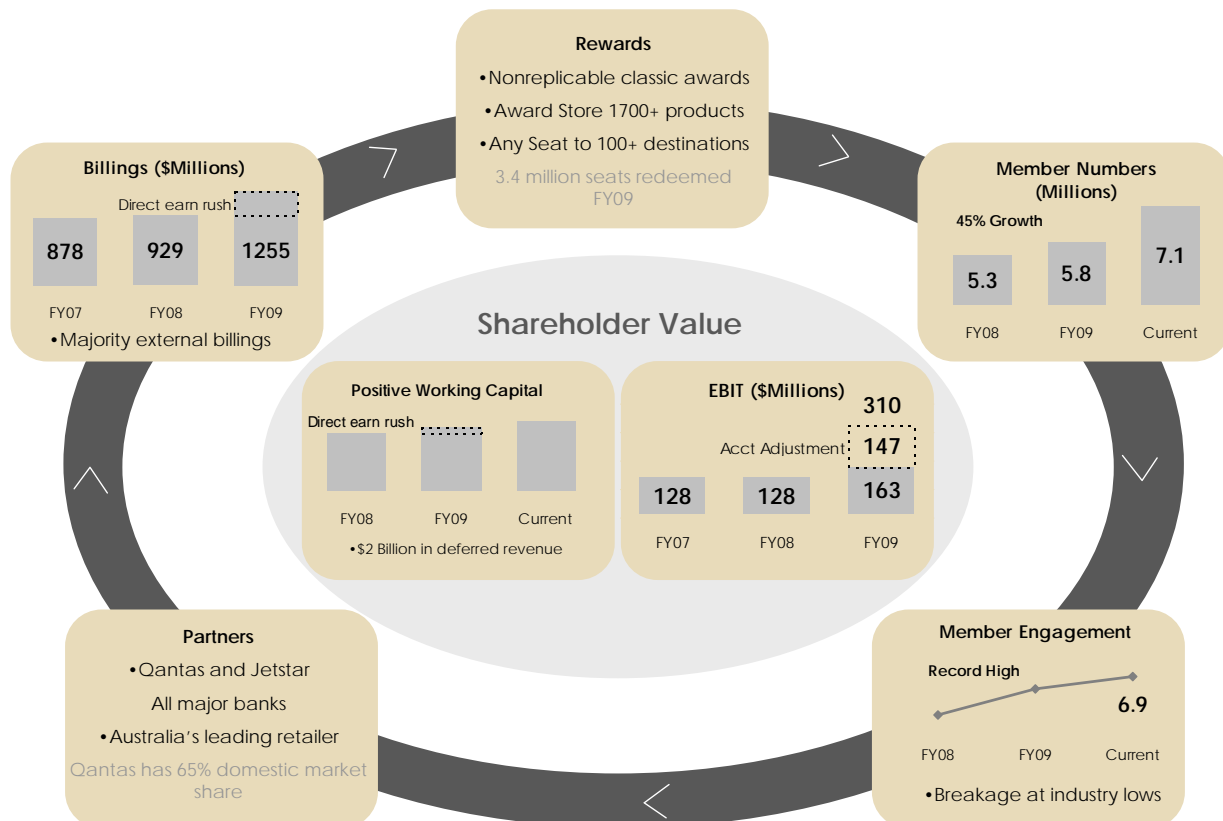


Qantas Frequent Flyer

Investor Briefing
June 2010



QFF is a successful business with significant value



Business and Value Model

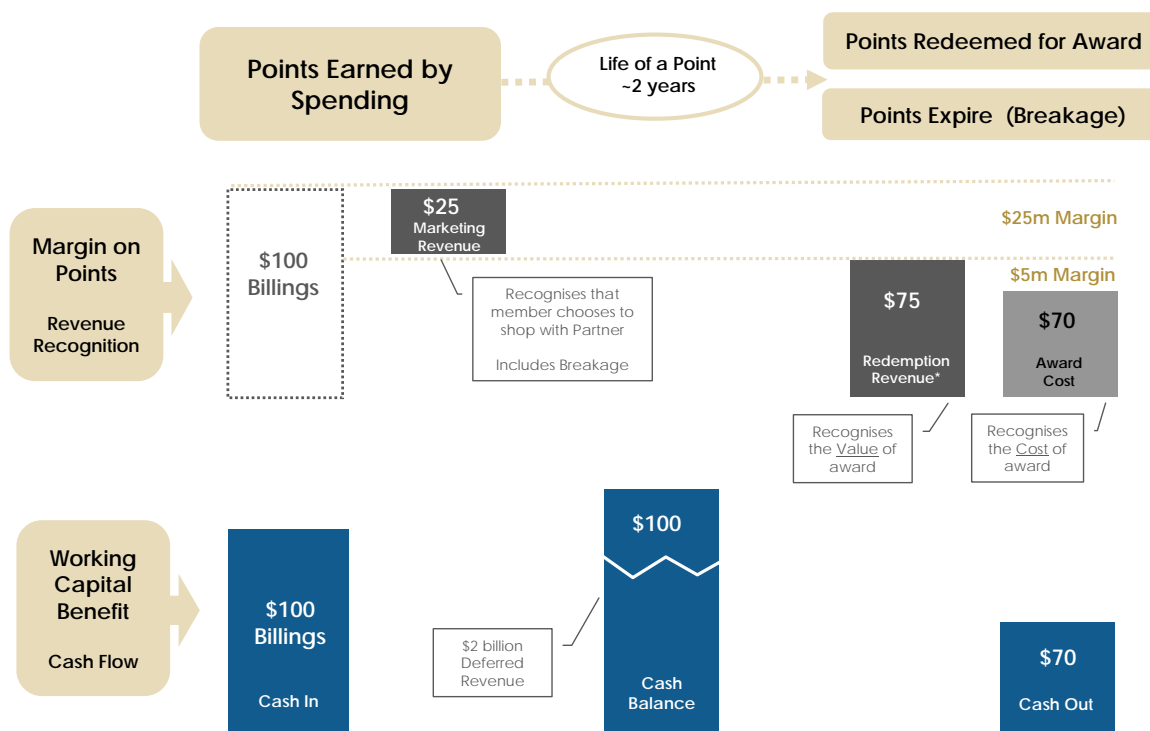


Illustration Only

* After interim period when points in existence on 1 January 2009 are extinguished

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Financials



\$ millions	FY08	FY09	1H 10
Billings	929	1,255*	477
Revenue	849	1,133	547
Total Costs	(721)	(823)	(390)
Reported EBIT	128	310	157
Less: Estimated one off impact of direct earn point 'rush'		(84)	
EBIT excluding rush	128	226	157
Revenue recognition adjustment		(63)	(78)
	128	163	79
Deferred Revenue			>2,000

- ▲ Billings represent cash received when points sold to partners
 - ▲ Majority are external partners
- ▲ Operating Expenditure
 - ▲ Cost of awards are variable to redemption volume
 - ▲ All other costs have economies of scale
- ▲ Positive Working Capital
 - ▲ Deferred revenue balance over \$2 billion
- ▲ Capital Investment
 - ▲ Investing in market leading CRM systems with Siebel and Oracle

* FY09 includes rush in from direct earn strategy

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Coalition 420+ Partners



<p>Earn on Qantas and 27 partner Airlines</p>	
<p>Earn products at all major banks</p>	
<p>Earn points at Australia's largest retailer</p>	
<p>Wide cross section of retail, travel and restaurants</p>	

Unique and differentiated rewards



- ▶ Classic Rewards
 - ▶ 27 Partner Airlines available on Classic Rewards

3.4 million seats redeemed in FY09
- ▶ Any Seat Rewards
 - ▶ Ability to redeem on addition 46 airlines to over 100 destinations
 - ▶ Points plus pay offered – allows low cost fares
- ▶ Store Rewards
 - ▶ One of the largest online retail stores in Australia
 - ▶ Choice of over 1,700 products, including over 100 vouchers in Australia

Qantas & Partner Classic Awards
 Use your points for a one way, return or multi-destination Classic Award flying Qantas and our partner airlines. [Find out how many points you need.](#) Conditions apply.*^^+

[Book Now](#)

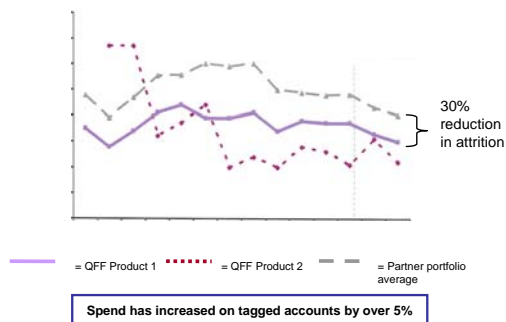
Qantas & Jetstar Any Seat Awards
 You can use points to book any available seat on any Qantas or Jetstar flight with a QF or JQ flight number. Conditions apply.^+~

[Book Now](#)

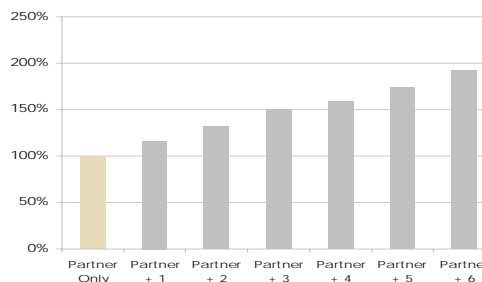
Qantas Frequent Flyer Store
 The Qantas Frequent Flyer Store has expanded its range, giving you the choice of over 1,700 products, including major brands. Plus, for most items you can use points or Points Plus Pay.

[Browse Store](#)

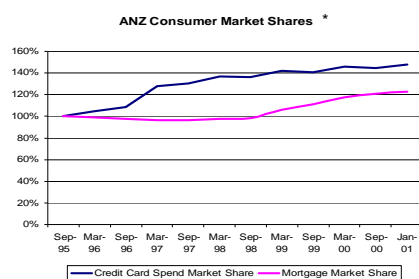
1 Attrition impact for partners



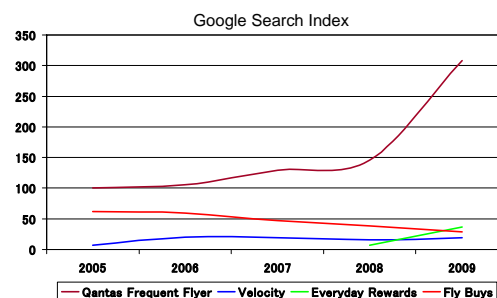
3 Coalition effect



2 Customer acquisition impact



4 Marketing spend efficiency



	Opportunity	Track Record
<p>Share of Wallet</p> <p>Member Retention</p>	<p>Cross selling and up selling within the coalition is the single biggest growth opportunity</p>	<ul style="list-style-type: none"> Existing Frequent Flyer members who linked with WOW saw an increase in travel up 11.7% Over 660,000 seats flown from new QFF members (since Woolworths launch to YTD April). Approximately 50% of these bookings are new customers for the airline
<p>Member Acquisition</p>	<p>Grow membership to 8 million by end FY11</p>	<ul style="list-style-type: none"> Membership penetrates nearly 50% of Australian households with 45% increase in members over last 3 years
<p>New partners</p>	<p>Woolworths billings continues to grow</p> <p>Caltex / Woolworths Fuel to be launched 1H FY11</p> <p>Multiple tier 2 opportunities exist in the market</p>	<ul style="list-style-type: none"> Australia's largest retailer Woolworths Group joined QFF as partner

First Half FY10 Highlights

- ▶ EBIT up 115% at \$157 million
- ▶ Billings down 8% at \$477 million
 - ▶ Up 1% after adjusting in FY09 for direct earn strategy rush billings
- ▶ Over 1 million new members since June 2009
- ▶ Woolworths alliance successfully launched
- ▶ Customer satisfaction at record highs
- ▶ Improvement to the member experience including
 - ▶ Classic Award Airline Partners increased by 3 to 26
 - ▶ Ability to redeem on additional 46 airlines to over 100 destinations with Any Seat Awards
 - ▶ Improved Qantas & Jetstar Any Seat Award booking engine
 - ▶ Record redemptions on the Frequent Flyer Store, up 7%
- ▶ Investment in market leading CRM systems progressing
- ▶ Strong people engagement scores

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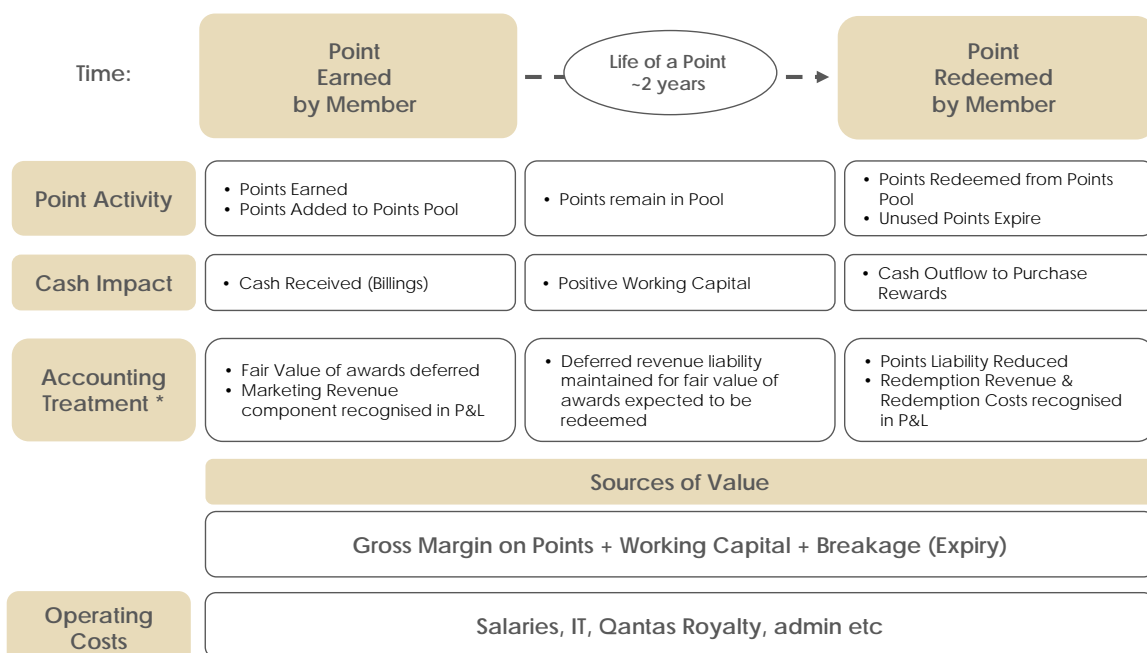
- ▲ Airline program
- ▲ Classic Awards only
- ▲ Membership satisfaction declining
- ▲ Growth capped by limited Classic Awards
- ▲ Bank disintermediation
- ▲ Function within marketing department of airline

Strategy execution



to this

- ▲ Australia's leading coalition program
- ▲ Largest and most profitable
- ▲ Record member satisfaction
- ▲ Market leading Awards
 - Classic Awards on 27 Airlines
 - Any Seat Awards to over 100 destinations
 - Competitive Award store
- ▲ Best earn proposition
 - Points on 27 Airlines
 - Points on Every day spend
 - Direct earn with all major banks
- ▲ Membership growth into whole population
- ▲ Key Partners in place
- ▲ High achieving segment with clear strategy



* After interim period when points in existence on 1 January 2009 are extinguished

Accounting Adjustment

	FY 08	1H 09	2H 09	FY 09	1H 10
Reported EBIT	128	73	237	310	157
Less: Estimated one off impact of direct earn point 'rush'			(84)	(84)	
Underlying EBIT			153	226	
Revenue recognition adjustment			(63)	(63)	(78)
	128	73	90	163	79

- ▶ On the 1st of January 2009 Qantas Frequent Flyer changed the way revenue is recognised for frequent flyer points. Revenue will be recognised:
 - ▶ When points are sold for the 'marketing' element
 - ▶ When points are redeemed for the fair value of the award element

- ▶ Under accounting standards existing points at 1 January 2009 will continue to recognise revenue at the higher value until all these points are extinguished. This will result in higher earnings for approximately 2 years.

Revenue Recognition - Points

