QANTAS AIRWAYS LIMITED
2011 STRATEGY DAY
12 December 2011
<table>
<thead>
<tr>
<th>TIME</th>
<th>PRESENTATION</th>
<th>SPEAKER</th>
</tr>
</thead>
<tbody>
<tr>
<td>8.30am</td>
<td>CEO Address</td>
<td>Alan Joyce</td>
</tr>
<tr>
<td>8:45am</td>
<td>Integrated Group Strategy</td>
<td>Jayne Hrdlicka</td>
</tr>
<tr>
<td>8:55am</td>
<td>Leading Domestic Business</td>
<td>Jayne Hrdlicka</td>
</tr>
<tr>
<td>9:05am</td>
<td>Qantas Domestic</td>
<td>Rob Gurney</td>
</tr>
<tr>
<td>9:20am</td>
<td>Qantas Frequent Flyer</td>
<td>Simon Hickey</td>
</tr>
<tr>
<td>9:35am</td>
<td>Jetstar Domestic</td>
<td>Bruce Buchanan</td>
</tr>
<tr>
<td>9:50am</td>
<td>Freight</td>
<td>Rob Gurney</td>
</tr>
<tr>
<td>10:00am</td>
<td>Domestic Q&amp;A</td>
<td>Alan Joyce and Management Team</td>
</tr>
<tr>
<td>10:30am</td>
<td>BREAK: MORNING TEA</td>
<td></td>
</tr>
<tr>
<td>10:50am</td>
<td>CEO Welcome Back</td>
<td>Alan Joyce</td>
</tr>
<tr>
<td>10:55am</td>
<td>Transforming Qantas International</td>
<td>Lyell Strambi</td>
</tr>
<tr>
<td>11:25am</td>
<td>Jetstar: Growing in Asia</td>
<td>Bruce Buchanan</td>
</tr>
<tr>
<td>11:45am</td>
<td>International Q&amp;A</td>
<td>Alan Joyce and Management Team</td>
</tr>
<tr>
<td>12:15pm</td>
<td>Group Fleet and Funding Strategy</td>
<td>Gareth Evans</td>
</tr>
<tr>
<td>12:35pm</td>
<td>Summary and Group Q&amp;A</td>
<td>Alan Joyce and Management Team</td>
</tr>
<tr>
<td>1:00pm</td>
<td>SESSION ENDS: LUNCH</td>
<td></td>
</tr>
</tbody>
</table>
CEO Address
Alan Joyce
Chief Executive Officer
Qantas Group Vision

To be one of Australia’s great businesses and among the world’s great Airline Groups

Deliver sustainable returns to shareholders

This will be made possible by the combination of:

• Safety, always our first priority
• Loyal customers passionate about our brands
• Passionate people delivering exceptional experiences to our customers
• Multiple brands delivering the right experiences to the right mix of customers, cost competitively
• The best loyalty program in the world, driving even deeper levels of customer engagement across all brands
• Unrivalled strength in corporate sales and distribution
• Innovative leverage of partners
• Disciplined approach to capital management
Depth of experience to lead change

Alan Joyce  
*Chief Executive Officer*

Qantas, Jetstar, Ansett, Aer Lingus

Gareth Evans  
*Chief Financial Officer*

Qantas, Caltex, KPMG

Bruce Buchanan  
*Group Chief Executive Officer, Jetstar*

Jetstar, Boston Consulting Group

Lesley Grant  
*Group Executive*

Qantas, Ansett, Air New Zealand

Rob Gurney  
*Group Executive Qantas Airlines Commercial*

Qantas, British Airways

Simon Hickey  
*Chief Executive Officer Qantas Frequent Flyer*

Qantas Frequent Flyer, Qantas, Bovis Lend Lease, Arthur Andersen

Jayne Hrdlicka  
*Group Executive Strategy and Technology*

Qantas, Bain and Company, GM roles in consumer products

Brett Johnson  
*General Counsel*

Qantas, Memtec

Jon Scriven  
*Group Executive People and Corporate Services*

Qantas, Coca-Cola Amatil, Andersen Consulting, Westpac

Lyell Strambi  
*Group Executive Qantas Airline Operations*

Qantas, Virgin Atlantic, Ansett

Olivia Wirth  
*Group Executive Government and Corporate Affairs*

Qantas, Transport and Tourism Forum, Tourism Australia
Focusing on our key stakeholders has never been more important

| SHAREHOLDERS | • Sustainable and attractive returns  
|              | • Profitable growth  
|              | • Prudent capital allocation  
|              | • Sustainability and risk management |
| CUSTOMERS    | • World leading product offering  
|              | • Optimal networks  
|              | • Customer service excellence  
|              | • Innovation |
| EMPLOYEES    | • Superior engagement  
|              | • “Leading leaders”  
|              | • Culture of recognition  
|              | • Diversity |
Qantas Group at a glance

**Qantas**
- Premium full-service airline targeting business and premium leisure travellers
- Unrivalled domestic network
- Service key international markets UK, US and Asia

**Jetstar**
- Low cost carrier focused on price sensitive leisure travellers
- Extensive domestic leisure network
- Focused on international traffic to/from Australia with Pan-Asian expansion

**Frequent flyer**
- Australia’s leading coalition loyalty program, with more than 8 million members and more than 500 partners
- Innovating and expanding along the loyalty value chain

**Freight**
- Markets freight capacity across the Group’s passenger fleet and dedicated freighter operations
- Manages strategic logistics assets
Integrated Group Strategy
Jayne Hrdlicka
Group Executive Strategy and Technology
A number of underlying themes will influence performance and outlook and will shape our future

MACRO-ECONOMIC
- Different regions growing at different rates
- Sustained high oil prices
- Economic uncertainty
- Strong Australian dollar

COMPETITION
INTERNATIONAL
- Government-backed competitors
- Battle of the hubs – Middle East, China & SEA
- Rise of LCCs

DOMESTIC
- Maturing market, competitive rivalry, rational capacity deployment
- Regional growth – resource sector

INDUSTRY CONSOLIDATION
- Cross border and inter-regional

REGULATORY
- ASEAN open skies on the horizon
- Increasingly liberal bilateral agreements
Asia Pacific to lead in world traffic by 2030

Source: Airbus
 Positioned within the high growth region, focused on reshaping our portfolio to capture the growth.

10-YEAR AVERAGE ANNUAL RPK GROWTH FROM/TO/WITHIN THE PACIFIC REGION (2010 – 2020)

- **Middle East**: 8.3%
- **Africa**: 6.0%
- **Indian Subcontinent**: 5.6%
- **Asia**: 5.7%
- **Japan**: 4.0%
- **Domestic & Intraregional**: 5.0%
- **North America**: 5.0%
- **Latin America**: 8.3%

Source: Airbus
Qantas Group 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

Building customer loyalty through great experiences and multiple brands

Engaging and developing our people

1. Qantas Frequent Flyer Program
Valuable group of integrated businesses

VALUE INHERENT IN THE GROUP

Qantas Group

Scale benefits
Synergies
Flexibility
Diversification
Safety is always our first priority and is at the heart of everything we do

- **World leading integrated management system**
- **Proactive engagement with regulatory and industry bodies**
- **Group-wide Business Resilience framework and culture**
- **Safety priority and capability proven**
Qantas Group strategy rests on the strength of our brands, the loyalty of our customers and the passion of our people... to deliver sustainable returns to shareholders
The evolution of our great brands
The commitment to our customers
Stabilised industrial relations environment

QANTAS CUSTOMERS CAN BOOK WITH ABSOLUTE CONFIDENCE AND CERTAINTY

• Recent industrial dispute to be settled by industrial umpire (Fair Work Australia)
  – Three unions involved – ALAEA\(^1\), AIPA\(^2\) and TWU\(^3\)
  – Represents 18% of workforce

• Qantas has a total of 48 collective agreements with employees which involves 14 unions

• We have successfully negotiated 5 Enterprise Agreements with more than 10,000 employees (more than 33% of workforce) represented by 4 unions in the past 15 months, including:
  – ASU\(^4\)
  – NUW\(^5\)
  – Short Haul FAAA\(^6\)

• EBA’s covering less than 6% of the workforce are due for negotiation over the next 12 months

Staff engagement: Where we stand today

Qantas Group engagement\(^1\) score
2011

Average score for Australian organisations

Lower scores in some areas
e.g. pilots & engineers

Improving engagement is a key focus at all levels of management

1. Towers Watson Engagement Measure
Build on the inherent passion our people have for our brand

We are engaging our people...

• **Building strong leaders**
• **Delegating engagement initiatives**
• **Involving our people in problem solving**
• **Setting clear targets and metrics for line managers to implement engagement plans**
Qantas Group: Progress against strategic objectives to date

<table>
<thead>
<tr>
<th>PILLARS</th>
<th>OBJECTIVES</th>
<th>PROGRESS</th>
<th>ACHIEVEMENTS</th>
</tr>
</thead>
</table>
| Profitably building on 65% market share through dual brands            | Maintain profit-maximising 65% position                                    | ✔️        | • Retained 65% market share  
• No.1 and 2 most profitable domestic airlines in FY11  
• Increased number of Corporate accounts  
• Regional growth and acquisition of Network Aviation  
• Market leading OTP\(^1\) and NPS\(^2\)                                                                 |
| Deepening FFP\(^3\) member and partner engagement                     | Grow and enhance Qantas Frequent Flyer                                    | ✔️        | • Reached 8m member target\(^4\)  
• Partner base extended to 500+ partners  
• Significantly enhanced loyalty program benefits                                                                 |
| Growing our portfolio of related businesses                            | Grow “asset-light” businesses which deliver attractive returns            | ✔️        | • Progressed Freight JV restructure  
• Launched “Epicure by Qantas Frequent Flyer”  
• Acquired Wishlist  
• Merged Jetset Travelworld/Stella                                                                 |
| Transforming Qantas International                                      | Return business to profitability                                           | ✔️        | • Industrial relations environment stabilised  
• Reduced capex - deferred 6 x A380s to FY19 and beyond  
• Granted full ATI\(^5\) clearance for JBA\(^6\) with AA  
• Restructured and strengthened JSA\(^7\) with BA  
• Sponsorship of Malaysia Airlines into one\(^8\)world                                                                            |
| Growing Jetstar in Asia                                                | Capitalise on attractive growth opportunities                              | ✔️        | • Jetstar largest LCC in Asia Pacific\(^8\)  
• Jetstar Japan to launch in 2012  
• Jetstar Asia established A330 base in Singapore                                                                                   |

# Qantas Group: 5 Year Measures of Success

<table>
<thead>
<tr>
<th>PILLARS</th>
<th>METRICS</th>
<th>CURRENT RETURNS</th>
<th>TARGET RETURNS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Profitably building on 65% market share through dual brands</td>
<td>• Maintain profit-maximising 65% market share</td>
<td>ROIC &gt; WACC</td>
<td>Continue to strongly exceed cost of capital[^1]</td>
</tr>
<tr>
<td></td>
<td>• NPS: QA - relative NPS differential &gt; 10%; JQ leading LCC NPS</td>
<td></td>
<td>ROIC &gt; WACC</td>
</tr>
<tr>
<td></td>
<td>• QA: 90% OTP[^2]</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Improvement in unit cost</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Deepening FFP member and partner engagement</td>
<td>• 10 million QFF members</td>
<td>ROIC &gt; WACC</td>
<td>Continue to exceed cost of capital and grow returns</td>
</tr>
<tr>
<td></td>
<td>• Partners in all areas of major consumer spend</td>
<td></td>
<td>ROIC &gt; WACC</td>
</tr>
<tr>
<td></td>
<td>• 5-10% EBIT CAGR FY12-FY17</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Maintain breakage below 10%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Growing our portfolio of related businesses</td>
<td>• Add incremental value to the Group</td>
<td>ROIC &gt; WACC</td>
<td>Continue to exceed cost of capital</td>
</tr>
<tr>
<td></td>
<td>• Individual businesses achieve ROIC &gt; WACC</td>
<td></td>
<td>ROIC &gt; WACC</td>
</tr>
<tr>
<td></td>
<td>• Minimal capital requirements</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transforming Qantas International</td>
<td>• Short term: return business to profit</td>
<td>ROIC &lt; WACC</td>
<td>Improve return on capital[^1]</td>
</tr>
<tr>
<td></td>
<td>• Relative NPS differential &gt; 10%</td>
<td></td>
<td>ROIC ~ WACC</td>
</tr>
<tr>
<td></td>
<td>• 85% OTP</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Improvement in unit cost</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Growing Jetstar in Asia</td>
<td>• Top 2 LCC in Asia Pacific Region (by revenue)</td>
<td>ROIC ~ WACC</td>
<td>Improve return on capital</td>
</tr>
<tr>
<td></td>
<td>• Lowest CASK for each Jetstar branded airline</td>
<td></td>
<td>ROIC &gt; WACC</td>
</tr>
<tr>
<td></td>
<td>• All new ventures profitable within 3 years</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• World leading safety culture</td>
<td></td>
<td>1. Long term financial objective for Qantas Airlines segment is to sustainably exceed the cost of capital on a combined basis</td>
</tr>
<tr>
<td></td>
<td>• 80+% of total workforce “engaged”</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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[^1]: Deliver sustainable and attractive returns to shareholders

---

2. On Time Performance
Leading Domestic Business
Qantas Group holds a strong position in the maturing domestic market

<table>
<thead>
<tr>
<th>MARKET DYNAMICS</th>
<th>STEADY STATE DUOPOLY</th>
<th>COMPETITION FOR MARKET SHARE</th>
<th>INTRODUCTION OF LCCS</th>
<th>MATURING MARKET</th>
</tr>
</thead>
<tbody>
<tr>
<td>GDP³ Market Capacity²</td>
<td>3.0% 4.5%</td>
<td>3.6% 7.0%</td>
<td>3.0% 8.0%</td>
<td>~3.0% ~4.0%</td>
</tr>
</tbody>
</table>

DECADE

1981-1990

OUR HISTORY

COMPETITOR HISTORY

GROUP MARKET SHARE

50%

50%

65%

Profit Maximising Market Share %

1. 10 year CAGR  2. 10 year CAGR ASK

Source: BITRE, Internal Estimates
Group Domestic: 5 Year Vision and Strategy

**THE CLEAR CHOICE FOR TRAVEL, LOYALTY AND RELATED SERVICES**

- Safety is always our first priority
- Strong multi-brand model
- Customer experience and engagement leadership
- Operational excellence and innovation
- Profit maximising 65% market share

- Passionate teams, highly engaged
- Attractive related businesses, leveraging market strength
Domestic travellers have very different needs and values; understanding this market is more important than ever.

There are three distinct behavioural segments...

...with each segment’s contribution varying across market dimensions...

...which drives the foundation of our Multi-brand strategy.

Source: Qantas whole-of-market flyer survey – August 2009
Our multi-brand model is designed to give customers the experience they desire...
The clear choice for business and premium leisure travellers

Building the world’s best loyalty business

The clear choice for price sensitive travellers
Operational excellence and innovation while reducing the cost differential
Why 65% for our flying market share? It drives maximum value for shareholders...

Benefits are driven by distribution, scale, network and relative frequency leading to maximum profitability for the Group.
...and we are committed to maintaining 65% market share in the future.

Source: Historical total market data has been taken from BITRE. FY12 onwards are based on internal estimates and assume that Qantas Group maintains 65% market share.
Qantas Domestic
Rob Gurney
Group Executive Qantas Airlines Commercial
Qantas Domestic: Where are we today?

**QANTAS MAINLINE**
- Largest domestic airline
  - Operating ~2,450 flights/week
  - 17m passengers annually¹
  - Fleet of 81 aircraft

**QANTASLINK**
- Largest regional airline
  - Operating ~2,000 flights/week
  - 5m passengers annually¹
  - Fleet of 57 aircraft servicing 55 destinations

**NETWORK AVIATION**
- Operates FIFO charter services in WA for the mining & resources industries
  - Operates 6 Embraer Brasilia & 7 Fokker 100 aircraft

---

¹ For the 12 months ended 30 June 2011
Qantas Domestic: 5 Year Vision and Strategy

**THE CLEAR CHOICE FOR BUSINESS AND PREMIUM LEISURE TRAVELLERS**

<table>
<thead>
<tr>
<th>Superior customer experience and engagement</th>
<th>Iconic and contemporary brand</th>
<th>Corporate and SME relationship strength</th>
<th>Infrastructure strength to grow with our customers</th>
<th>Operational excellence and efficiency</th>
</tr>
</thead>
</table>

Safety is always our first priority

Passionate teams, highly engaged
KPIs: What does success look like?

<table>
<thead>
<tr>
<th>PILLARS</th>
<th>KEY MEASURES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Superior customer experience and engagement</td>
<td>• Leading NPS</td>
</tr>
<tr>
<td></td>
<td>• Superior employee engagement</td>
</tr>
<tr>
<td>Leverage iconic and contemporary brand</td>
<td>• Leading Domestic brand equity score</td>
</tr>
<tr>
<td>Leverage Corporate and SME relationship strength</td>
<td>• Maintain and build Corporate and SME accounts</td>
</tr>
<tr>
<td>Infrastructure strength to grow with our customers</td>
<td>• Leading network frequency on key business routes</td>
</tr>
<tr>
<td></td>
<td>• Growth in regional markets</td>
</tr>
<tr>
<td>Operational excellence and efficiency</td>
<td>• Leading Domestic aircraft availability and OTP(^1)</td>
</tr>
<tr>
<td></td>
<td>• Benchmark TRIFR(^2) and LWCFR(^3)</td>
</tr>
<tr>
<td></td>
<td>• Lower unit cost</td>
</tr>
</tbody>
</table>

**CONTINUE TO STRONGLY EXCEED COST OF CAPITAL**

(QANTAS AIRLINES\(^4\) SEGMENT TO SUSTAINABLY EXCEED COST OF CAPITAL IN LONG TERM)

---

1. On Time Performance  
2. Total Recordable Injury Frequency Rate  
3. Lost Work Case Frequency Rate  
4. As defined in the 2011 Annual Report Note 2 (page 62), this segment represents Qantas passenger flying businesses and related businesses and excludes Jetstar, Qantas Freight and QFF.
We start with the world’s best domestic travel experience today...

- Unsurpassed domestic experience for business and premium leisure travellers
- Most advanced check-in technology
- Superior lounges
  - Exclusive Chairman’s Lounge
- Premium dining and beverage offering
- Recognition and rewards for our most frequent flyers
... and we aspire to deliver an excellent experience to all of our customers, all of the time

**Consistent end to end look and feel**

**Empowering our people to do a great job**

**Pioneering technology innovation**

**Engagement through multi-channels**

**Consistently exceptional experience for high value customers**

WE WILL CONTINUE TO LIFT THE BAR ACROSS THE BOARD ... ON THE GROUND
...and in the air
Our vision for the domestic in-flight experience

• Continue to set the standard for premium cabin experience
  — Award winning service
  — Best dining experience in the air
  — Leadership in In Flight Entertainment
Our brand vision: “To be the world’s leading premium airline brand”

Significant underlying emotional support of our brand

Customers want to see us succeed on the world stage

We will continue to evolve our brand throughout 2012 and beyond
Our Corporate Dealing Model will continue to be a key competitive advantage

**BENEFITS FOR THE CUSTOMER**

- Optimised savings and flexibility
- Broad ranging benefits across domestic & international networks
- Maximum gateway and carrier options through key alliance partnerships
- Enhanced traveller recognition

**BENEFITS FOR THE AIRLINE**

- Expenditure and share commitments
- Greater certainty and stability in commercial performance
- Qantas Frequent Flyer synergies
The leading airline for regional Australia

- Largest regional fleet and network with capacity growing at 9.1% CAGR\(^1\)
- Profitable operations underpinned by Q400 expansion
- Regional Qantas Club Lounge network
- Faster, Smarter Check-in rolled out to 16 regional destinations

1. ASKs over five years to FY11
We are uniquely positioned to grow with our customers...

- Resource sector is experiencing unprecedented levels of investment
- Projects committed or under construction are valued at $115bn\(^1\) in QLD and $186bn\(^2\) in WA
- Resource companies are seeking larger aircraft with national capability to meet labour demand requirements

---

1. Queensland Resource Council  July 2011 – Projects under study, committed or under construction
2. ‘Significant resource projects in WA’ Sep 2011, Department of Mines and Petroleum
...and well placed to capitalise on the resource boom
Operational excellence is critical to delivering our customer promise and a competitive cost position

- Setting the benchmark for On-Time Performance and operational reliability
- Market leading technology to deliver efficient rostering
- Motivate and enable our people to deliver operational excellence
- Drive our costs down to better align with the competition

**ON TIME PERFORMANCE QANTAS VS. VIRGIN AUSTRALIA**
JANUARY 2009 – NOVEMBER 2011

Source: BITRE and Company Data
Finalising B738 fleet renewal, focus turning to wide body fleet roll-over

**NARROW-BODY AIRCRAFT**

- B738 fleet renewal is almost complete

<table>
<thead>
<tr>
<th></th>
<th>2005</th>
<th>2011</th>
<th>2016</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>B737-800</td>
<td>27</td>
<td>55</td>
<td>c70</td>
<td>c100</td>
</tr>
<tr>
<td>B737-400</td>
<td>21</td>
<td>14</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>B737-300</td>
<td>11</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>B737 Total</td>
<td>59</td>
<td>69</td>
<td>c70</td>
<td>c100</td>
</tr>
</tbody>
</table>

**WIDE-BODY AIRCRAFT**

- Existing Jetstar A330 aircraft to replace B767

<table>
<thead>
<tr>
<th></th>
<th>2005</th>
<th>2011</th>
<th>2016</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>B767</td>
<td>24</td>
<td>23</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>A330</td>
<td>4</td>
<td>4</td>
<td>c28</td>
<td>c28</td>
</tr>
</tbody>
</table>

**BENEFITS OF FLEET RENEWAL**

- Yield improvement
- Cost reduction
- Operational efficiency
- Environmental credentials

**REDUCTION IN UNIT COST**

```
~5%    ~7.5%
A330-200  B737-800
```

1. Forecast total B738 fleet units as at 31 December 2011
2. Includes transfers from Jetstar and Qantas International
3. A330-200 compared with B767-300, B737-800 compared to B737-400. Unit cost improvement and fuel savings are approximate.
Qantas Frequent Flyer
Simon Hickey
Chief Executive Officer Qantas Frequent Flyer
Why are we in the Loyalty business?
To enhance member engagement and shareholder value

Segmentation | Relaunch | Direct Earn | Create Coalition | Coalition Expansion
---|---|---|---|---
COMPLETE | COMPLETE | COMPLETE | COMPLETE | COMPLETE

**AIM:**
- Provide focus on business value
- Position business for growth
- Create hero brand
- Increase member engagement
- Establish infrastructure and implement strategies along the value chain
- Leverage assets to grow along the value chain into new markets and create new revenue streams
Qantas Frequent Flyer: Where are we today?

<table>
<thead>
<tr>
<th>COALITION LOYALTY PROGRAM</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Australia’s largest and most engaging loyalty program</td>
</tr>
<tr>
<td>• 8 million+ members – more than 50% household penetration</td>
</tr>
<tr>
<td>• Broadest selection of earn partners</td>
</tr>
<tr>
<td>• Unrivalled partner network, redemption options and Qantas assets</td>
</tr>
<tr>
<td>• Program design creates considerable strategic advantages for Qantas</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>RELATED BUSINESSES</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Largest loyalty operator in Australia – operates over 100 loyalty programs</td>
</tr>
<tr>
<td>• Scalable marketing and analytics platform</td>
</tr>
<tr>
<td>• Significant opportunity exists to leverage IP in adjacent industries and new geographies</td>
</tr>
<tr>
<td>— Online Retail (epiQure by Qantas Frequent Flyer, Wishlist)</td>
</tr>
<tr>
<td>— Data Analytics &amp; Marketing</td>
</tr>
<tr>
<td>— Operate third party loyalty programs</td>
</tr>
</tbody>
</table>

Driving Growth in the Core

Innovate and Expand along the Loyalty Value Chain
The coalition engagement model

Valued member proposition

BEHAVIOURAL OUTCOMES

- Customer acquisition
- Improved retention
- Increased share of wallet
- Improved margin

World leading partner profile

- Simple
- Achievable
- Desirable
- Innovation and technology
- Communication channels
- Leverage assets
- Community
- Reach
- Breadth
- Brands
Qantas Frequent Flyer: 5 Year Vision and Strategy

BUILDING THE WORLD’S BEST LOYALTY BUSINESS

Safety is always our first priority

Superior member experience and engagement
Market leading insights and communication channels
World leading partner network
Operational excellence

Passionate teams, highly engaged

Innovate and expand along the loyalty value chain
# PILLARS KEY MEASURES

<table>
<thead>
<tr>
<th>PILLARS</th>
<th>KEY MEASURES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Maintain superior member experience and engagement</td>
<td>• 10 million QFF members</td>
</tr>
<tr>
<td></td>
<td>• Industry leading NPS(^1)</td>
</tr>
<tr>
<td>Leverage market leading insights and communication channels</td>
<td>• Multiple segmentation and engagement initiatives in place</td>
</tr>
<tr>
<td></td>
<td>• Market leading multi-channel communications optimisation</td>
</tr>
<tr>
<td>Maintain and extend the world leading partner network</td>
<td>• Partners in all areas of major consumer spend</td>
</tr>
<tr>
<td>Set the benchmark for operational excellence</td>
<td>• End-to-end loyalty infrastructure in place</td>
</tr>
<tr>
<td></td>
<td>• EBIT 5-10% CAGR over 5 years</td>
</tr>
<tr>
<td></td>
<td>• Maintain breakage below 10%</td>
</tr>
<tr>
<td>Innovate and expand along the loyalty value chain</td>
<td>• Operate 3+ other Loyalty programs in new geographic markets</td>
</tr>
</tbody>
</table>

**KPIs: What does success look like?**

Continue to exceed cost of capital and grow returns

---

1. Net Promoter Score
We continue to drive deeper engagement with Frequent Flyers

• Deepest consumer knowledge in the market
• Significant Qantas program enhancements launched based on behavioural insights
  – Improved tier and cabin benefits to encourage and reward positive airline behaviour
  – New level of recognition for our most frequent flyers – “Platinum One”
  – Improved upgrade experience
  – Improved access to classic award seats and upgrades
• Jetstar earn options expanded leveraging customer insights
• Extend the superior in-flight experience and leverage Qantas Group assets e.g. “epiQure by Qantas Frequent Flyer”
• Engagement tools via social media and device apps
**COMPETITIVE ADVANTAGES**

<table>
<thead>
<tr>
<th>More ways to earn and redeem points</th>
<th>More destinations/better network</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Over 500 partners to earn points</td>
<td>• Qantas and over 30 partner airlines and their affiliates</td>
</tr>
<tr>
<td>• 1,000+ destinations to fly to using points</td>
<td>• 1,000 destinations</td>
</tr>
<tr>
<td>• 2,500 products to redeem in the QFF store</td>
<td>• 500+ lounges with award winning Melbourne &amp; Sydney Marc Newson First lounges being extended offshore to LAX, SIN, HKG</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>More rewarding</th>
<th>Better customer experience, with enhanced levels of recognition the more you fly</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Over 4m awards were redeemed last year</td>
<td>• Australia’s best recognition program</td>
</tr>
<tr>
<td>• Members use their points for 3.8m flight seats and 0.5m store products in FY11</td>
<td>• Continual innovation to lift the bar (eg. Platinum One, upgrade overhaul)</td>
</tr>
<tr>
<td>• More Classic inventory</td>
<td>• Intent: delivery of consistently extraordinary experience</td>
</tr>
<tr>
<td>• QFF spent $660m in rewards last year</td>
<td></td>
</tr>
</tbody>
</table>

**A better program, experience and business**

We maintain superior member experience and engagement...
... by leveraging market leading insights and communication channels

Deepest consumer knowledge in the market

Segmented strategies driving personalised engagement

- PlatinumOne
- Auto rewards
- epiQure by Qantas Frequent Flyer

Innovation around earning and redeeming options online

Multi channel strategy for engagement

- Mobility
- Apps designed to drive deeper engagement
- Social media
We continue to extend our world leading partner network...

<table>
<thead>
<tr>
<th>SELECTION OF EXISTING PARTNERS</th>
<th>NEW/EXCLUSIVE PARTNERS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fly</td>
<td>Earn on Qantas and 28 partner airlines</td>
</tr>
<tr>
<td>Pay</td>
<td>Earn products at all major banks</td>
</tr>
<tr>
<td>Shop</td>
<td>Earn points at Australia’s largest retailer</td>
</tr>
<tr>
<td>Connect</td>
<td>Earn points on telecommunications</td>
</tr>
<tr>
<td>More</td>
<td>Earn points on petrol</td>
</tr>
<tr>
<td>More</td>
<td>Earn points on insurance</td>
</tr>
<tr>
<td>More</td>
<td>Wide cross section of retail, travel and restaurants</td>
</tr>
</tbody>
</table>
...and work to complete our end-to-end loyalty infrastructure to drive operational excellence

The combination of QFF and Wishlist extends our capabilities

Operational expertise across end-to-end loyalty business

- Program design
- Execution of direct marketing
- Customer insights
- Member management

Continue to invest in improving our loyalty infrastructure to drive operational excellence

- Investing in Oracle operating platform
- New scalable and flexible platforms acquired through Wishlist
- Investing in a new ERP system
We are now structured for growth in new markets

Wishlist acquisition: a strategic enabler broadening our loyalty service offerings

CAPABILITY: Proven capability in multiple loyalty program solutions and in online

- Coalition Programs
- Online Retail
- Closed Loop Retail Solutions
- Airline Loyalty
- Employee Recognition & Sales Incentives
- Gift & Stored Value Card Solutions

EXPERIENCE: Operating over 100 loyalty programs

OPPORTUNITIES

- Online retail
- Analytics and marketing services
- Retail & Coalition loyalty business process outsourcing
- Award Store provision

Both Domestic and International opportunities exist
Jetstar Domestic
Bruce Buchanan
Group Chief Executive Officer Jetstar
Jetstar Domestic: Where are we today?

- Australia’s 3rd largest airline
- Low cost carrier focused on price sensitive leisure travellers
- 52 million passengers carried domestically since 2004 launch
- Operates ~1,600 flights/week carrying 10m passengers annually
- 36 A320/A321s service 19 destinations
- Industry leading ancillary revenue
- Based in Melbourne

Note: Aircraft as of Q4 2011
Jetstar Domestic: Business Model and Strategy

THE CLEAR CHOICE FOR PRICE SENSITIVE TRAVELLERS

Safety is always our first priority

- Lowest cost through operational excellence and innovation
- Commitment to low fares leadership
- World-leading ancillary revenue
- Strong brand with high customer engagement

Passionate teams, highly engaged
KPIs: What does success look like?

<table>
<thead>
<tr>
<th>PILLARS</th>
<th>KEY MEASURES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lowest cost through operational excellence</td>
<td>• Lowest Domestic CASK¹</td>
</tr>
<tr>
<td>and innovation</td>
<td>• Leading aircraft utilisation</td>
</tr>
<tr>
<td></td>
<td>• Benchmark TRIFR² and LWCFR³</td>
</tr>
<tr>
<td>Commitment to low fares leadership</td>
<td>• Leadership in ‘Price Competitiveness Index’</td>
</tr>
<tr>
<td>World-leading ancillary revenue</td>
<td>• Industry leading ancillary revenue per passenger</td>
</tr>
<tr>
<td>Strong brand with high customer engagement</td>
<td>• Leading NPS⁴ for LCC</td>
</tr>
<tr>
<td></td>
<td>• Superior employee engagement</td>
</tr>
<tr>
<td></td>
<td>• Continued innovation and brand extensions</td>
</tr>
</tbody>
</table>

Continue to exceed cost of capital

1. Cost per ASK 2. Total Recordable Injury Frequency Rate  3. Lost Work Case Frequency Rate  4. Net Promoter Score
We will continue to be the lowest cost airline in the domestic market...

1. Gross unit cost excluding fuel
... and will break new ground through our innovative culture and cutting edge technology

SMS BOARDING PASSES

CALL CENTRE CHAT, SKYPE INTEGRATION

NEW PAYMENT METHODS

JETSTAR MASTERCARD

IMPROVED QFF PROPOSITION

NEW PRODUCTS E.G. IPAD
Unwavering commitment to being the low fares leader for price-sensitive travellers...

THE JETSTAR PRICE BEAT GUARANTEE

If you find a lower fare online, call us and we’ll beat it by 10%

The other airline’s lower fare needs to be on the same route at a comparable time and fare to ours (within 1 hour for domestic/trans-Tasman or same day for other international). Fares that include less than 20kg checked baggage allowance are comparable to our JetSaver Light fare and fares with at least 20kg are comparable to our JetSaver fares. We will verify both the other airline’s fare and our comparable fare are available when you call. Conditions apply. To find out more visit jetstar.com
...and ongoing market leadership in ancillary revenues

AVERAGE ANCILLARY REVENUE/PAX (AUD)

Jetstar

EasyJet

Tiger

RyanAir

AirAsia

Source: Jetstar Oct 2011 YTD $/pax includes bag fees sold as bundle in JetSaver and JetFlex fares until May 2011, bag fees all sold separately after May 2011; EasyJet full year results year ended 30 Sep 2011; Tiger full year results year ended 31 Mar 2011; AirAsia Malaysia Q3 FY11 results; Ryanair half year results ended 30 Sep 2011
Further leverage Jetstar’s brand strength through new and traditional mediums

- Website
- Social Media
- Press
- Outdoor ads
- TV
- JetMail
- Credit Cards
Growing our Portfolio of Related Business
Leveraging core assets to drive growth of portfolio businesses
Growing our Portfolio of Related Businesses

Freight
Rob Gurney
Group Executive Qantas Airlines Commercial
Qantas Freight: Where are we today?

**Network**

- **Belly Space**
  - Qantas international passenger flights
  - Jetstar International
  - Jetstar Asia

- **Freighters**
  - 3 x B747-400F (Atlas Air)
  - 1 x B767-300F (EFA)

- **Freight Terminals**
  - Sydney, Melbourne, Brisbane and Perth
  - Los Angeles

**Subsidiaries**

- **Express Freighters Australia**
  - Freighter Aircraft Operator
  - 4x B737F wet leased to AaE
  - 1x B767-300F wet leased to QFE

- **Jets Transport Express**
  - Specialist road feeder services to the air freight industry
  - Over 30 prime movers

- **Qantas Courier**
  - Specialist courier services to small and medium size enterprises and individuals
  - Unaccompanied baggage services

**Joint Ventures**

- **Australian air Express**
  - Domestic air linehaul
  - Cargo terminal operations
  - Markets Qantas domestic belly space network

- **Star Track Express**
  - Distribution of high value express/time sensitive cargo
  - B2B market offering end to end service

1. Australian air Express 2. Qantas Freight Enterprises
EXCELLENCE IN FREIGHT SERVICES

Safety is always our first priority

Leverage integrated freight network & relationships

Market leading customer offering

Capitalise on growth opportunities in Asia Pacific

Lowest cost and best service through operational excellence

Passionate teams, highly engaged
## KPIs: What does success look like?

<table>
<thead>
<tr>
<th>PILLARS</th>
<th>KEY MEASURES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Leverage integrated freight network and relationships</td>
<td>• Qantas Freight to market all Qantas Group freight capacity</td>
</tr>
<tr>
<td></td>
<td>• Maintain and build key corporate accounts</td>
</tr>
<tr>
<td>Market leading customer offering</td>
<td>• Leading Customer Satisfaction Survey result</td>
</tr>
<tr>
<td>Capitalise on growth opportunities in Asia Pacific</td>
<td>• Increased market share of air freight services in region</td>
</tr>
<tr>
<td>Lowest cost and best service through operational excellence</td>
<td>• Leading Cost per RFTK&lt;sup&gt;1&lt;/sup&gt;</td>
</tr>
<tr>
<td></td>
<td>• Leading freighter availability and utilisation</td>
</tr>
<tr>
<td></td>
<td>• Leading TRIFR&lt;sup&gt;2&lt;/sup&gt; and LWCFR&lt;sup&gt;3&lt;/sup&gt;</td>
</tr>
<tr>
<td></td>
<td>• Superior employee engagement</td>
</tr>
</tbody>
</table>

---

1. Revenue Freight Tonnage Kilometres  
2. Total Recordable Injury Frequency Rate  
3. Lost Work Case Frequency Rate
Market leading domestic joint ventures

Reconfigure Joint Ventures to leverage strengths of two leading express freight brands

Star Track Express - retail focused air and road express

Australian air Express - wholesale domestic line haul and cargo terminal operations
Leverage regional growth opportunities via the Group’s network expansion in Asia

**GROWTH IN ASIA**

- Leverage established position in China
- Utilise attractive freight traffic rights
- Continue to respond to evolving market dynamics e.g. shifting manufacturing trends to western China

**COMPETITIVELY POSITIONED WITH ACCESS TO GROUP ASSETS**

- Qantas belly space
- Jetstar belly space
- Jetstar Asia belly space
- Atlas Freighters
- Express Freighters Australia
Session 1: Q&A
Transforming Qantas International
Lyell Strambi
Group Executive Qantas Airlines Operations
Qantas International: Where are we today?

- Qantas International business is important to the Qantas Group
  - Enhances Group’s strong domestic business
  - Provides important business network solution for corporate customers
  - Supports margin premium
  - Integral to loyalty offering

- However given the significant capital employed, current operational and financial performance is unsustainable
The business needs transformation

**STRUCTURALLY CHALLENGED**

- Extremely high levels of competition
  - Rise of Middle Eastern carriers
  - Government sponsored competitors
- QAI - Asian network and schedule disadvantage
- QAI - Cost disadvantage
- Inconsistent product offering

**STRUCTURALLY SOUND**

- Comparable cost base to competitors
- Competitive product offering
- No network or schedule disadvantage
- Strong partnership and alliance network
Qantas International: 5 Year Vision and Strategy

THE CLEAR CHOICE FOR PREMIUM LONG HAUL TRAVEL

Safety is always our first priority

Superior customer experience

Underlying business transformation

Strengthen Network

Strengthen Asia

Strong multi-brand model

Passionate teams, highly engaged
## KPIs: What does success look like?

<table>
<thead>
<tr>
<th>PILLARS</th>
<th>KEY MEASURES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Superior customer experience</td>
<td>• Leading International NPS</td>
</tr>
<tr>
<td></td>
<td>• Superior employee engagement</td>
</tr>
<tr>
<td>Underlying business</td>
<td>• Improvement in unit cost</td>
</tr>
<tr>
<td>transformation</td>
<td>• Leading International aircraft availability and OTP&lt;sup&gt;1&lt;/sup&gt;</td>
</tr>
<tr>
<td></td>
<td>• Industry leading TRIFR&lt;sup&gt;2&lt;/sup&gt; and LWCFR&lt;sup&gt;3&lt;/sup&gt;</td>
</tr>
<tr>
<td>Strengthen network</td>
<td>• Greater network frequency on key business and premium leisure routes</td>
</tr>
<tr>
<td></td>
<td>• Greater number of ATI&lt;sup&gt;4&lt;/sup&gt; partnerships</td>
</tr>
<tr>
<td>Strengthen Asia</td>
<td>• Greater share of Australia – Asia Corporate market</td>
</tr>
</tbody>
</table>

---

**IMPROVE RETURNS ON CAPITAL**

(QANTAS AIRLINES<sup>5</sup> SEGMENT TO SUSTAINABLY EXCEED COST OF CAPITAL IN LONG TERM)

---

1. On Time Performance  
2. Total Recordable Injury Frequency Rate  
3. Lost Work Case Frequency Rate  
4. Anti-Trust Immunity  
5. As defined in the 2011 Annual Report Note 2 (page 62). Qantas represents the Qantas passenger flying businesses and related businesses, and excludes Jetstar, Qantas Freight and Qantas Frequent Flyer.
Clear financial objectives have been defined

**OBJECTIVES**

**SHORT TERM**

- Return Qantas International to profitability

**LONG TERM**

- Sustainably exceed cost of capital for Qantas Airline Segment

**MILESTONES**

**SHORT TERM**

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

**LONG TERM**

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

**BUILDING LONG TERM SHAREHOLDER VALUE**

---

1. As defined in the 2011 Annual Report Note 2 (page 62). Qantas represents the Qantas passenger flying businesses and related businesses, and excludes Jetstar, Qantas Freight and Qantas Frequent Flyer.
Delivering consistently exceptional customer experiences is critical to our success.
Dedicated efficiency and cost transformation programs will accelerate, closing the cost base gap.

**Sustainable Future Program**

- **$m**
  - 2004: $500
  - 2005: $500
  - 2006: $500
  - 2007: $750
  - 2008: $750
  - 2009: $750
  - 2010: Target
  - 2011: $250
  - 2012: $0

**NEXT PHASE OF TRANSFORMATION INITIATIVES WILL BE MORE COMPLEX, BUT WILL DELIVER GREATER BENEFITS**
Fleet transformation: Efficiency, superior margin premium, enhanced customer experience

~80% OF QUAD ENGINE AIRCRAFT - AWARD WINNING A380 PRODUCT BY MID 2013

- Unit cost advantage:
  - A380 v B747 ~8%
  - B787-9 v B763 ~15%
- Reconfiguration of A380s & 9 x B747s has commenced, increasing revenue production
- Prudent capital allocation – deferred 6 x A380s, B787-9s allocated based on return measures

<table>
<thead>
<tr>
<th>QUAD ENGINE AIRCRAFT</th>
<th>2005</th>
<th>2011¹</th>
<th>2013</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>B747</td>
<td>30</td>
<td>26</td>
<td>15</td>
<td>9</td>
</tr>
<tr>
<td>A380</td>
<td>-</td>
<td>12</td>
<td>14</td>
<td>14</td>
</tr>
<tr>
<td>Quad Engine Aircraft with A380 Product</td>
<td>0%</td>
<td>40%</td>
<td>80%</td>
<td>100%</td>
</tr>
</tbody>
</table>

¹ As at 31 December 2011
Hub transformation: Airport terminal consolidation project

**BENEFITS**

**CUSTOMER**
Increased product differentiation and seamless end-to-end customer experience

**OPERATIONAL EFFICIENCIES**

**REVENUE**
Reduction in Minimum Connection Times (MCT) and new revenue opportunities

**OTHER BENEFITS**
Underpins Sydney as Qantas’ main hub, supports the international network alliance strategy, long term price and infrastructure surety
Business model transformation

Industrial Relations environment stabilised with key work groups

Modernising our business practices

Engaging our people in the change agenda
A clearly superior international network

- Optimising the existing Qantas network
- Using alliances to bolster and expand reach
- Asia - supplementing the network to grow with our customers
We will continue to build on our extensive global network - leveraging key partnerships

**STRENGTHENING EXISTING PARTNERSHIPS**

- BRITISH AIRWAYS
- LAN
- JAL
- Qantas
- American Airlines

**MAXIMISING oneworld BENEFITS**

- Improved customer offering
- Greater QFF earn/burn opportunities

**CREATING NEW ALLIANCES**

- Malaysia Airlines
- Jet Airways

Extended network reach

Improved customer offering

Greater QFF earn/burn opportunities

Lower invested capital
We are deepening and broadening alliances

• Qantas A380 services from Australia to London, connecting through Singapore as a premium hub to Europe
• Bangkok and Hong Kong to London will leverage partner network adjacency
• Qantas to retain ownership of slots at Heathrow and lease to BA
• Commencing early 2012

• 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

• Granted full anti-trust immunity clearance for Joint Business Agreement
• Active coordination of flight schedules and pricing
• Improved scheduling and connectivity the initial focus, but could open up other possibilities over time
• Commencing early 2012

AND THERE IS MORE TO COME...
Airline partnership evolution curve

**Depth of Integration**

- **EQUITY PARTNERSHIPS**
- **JOINT BUSINESS AGREEMENTS (JBA)**
- **CODESHARE**
- **INTERLINE**

**Commercial Value**

- **Market Entry**
- **Portfolio Growth**
- **Risk Sharing**
- **Deep Commercial Collaboration**
- **Enhanced Customer Proposition**
- **Network Growth**
- **Profit / Revenue Share**
- **Operational Efficiencies**
- **Combined Distribution**
- **Virtual Network & Connectivity**
- **Leverage QF Brand**
- **FF Proposition**
- **Enhanced Distribution**
- **Network Extension**
- **Distribution Reach**
- **Through Check**

---

**EQUITY PARTNERSHIPS**

**JOINT BUSINESS AGREEMENTS (JBA)**

- **Multilateral JBA**
  - e.g. AA-BA-IB Transatlantic JBA

- **Bilateral JBA (Profit/Revenue Share)**
  - e.g. QF / BA (JSA), AA / QF

**CODESHARE**

- 26 bilateral codeshare partners
  - 18 “Freesale” arrangements
  - 8 “Block Space” arrangements (Risk Sharing)

**INTERLINE**

- 148 Interline Agreements
  - 62 with favourable seat access and rates (SPA)

**NOTE: REQUIRES ANTI TRUST IMMUNITY**

148 Interline Agreements
- 62 with favourable seat access and rates (SPA)

26 bilateral codeshare partners
- 18 “Freesale” arrangements
- 8 “Block Space” arrangements (Risk Sharing)

3

Bilateral JBA (Profit/Revenue Share)
- e.g. QF / BA (JSA), AA / QF

2

Multilateral JBA
- e.g. AA-BA-IB Transatlantic JBA

1

EQUITY PARTNERSHIPS

**NOTE: REQUIRES ANTI TRUST IMMUNITY**

148 Interline Agreements
- 62 with favourable seat access and rates (SPA)

26 bilateral codeshare partners
- 18 “Freesale” arrangements
- 8 “Block Space” arrangements (Risk Sharing)

**INTERLINE**

**JOINT BUSINESS AGREEMENTS (JBA)**

**CODESHARE**

**EQUITY PARTNERSHIPS**

**Depth of Integration**

**Relationship Maturity**

**Commercial Value**
Strengthening our position in Asia is critical

**RATIONALE**

- Qantas International is an end-of-the-line carrier  
  - Destination and frequency disadvantage  
  - Market share has declined from 39% to 14% over last decade
- An Asian hub is required to be competitive  
  - Fastest growing aviation market in the world  
  - Increasingly vital market to our corporate customers

**OBJECTIVES**

- Service the growing portfolio of customers who are increasingly focused on Asia  
  - Includes existing Australian corporate customers and new Asian customers
- Operate a competitive Asian hub  
  - Appropriate network, destinations, frequencies and operational infrastructure
- Rebuild market share to / from Asia

**OPPORTUNITY ASSESSMENT FRAMEWORK**

- Pathway to achieve objectives
- Attractive risk / return profile
- Prudent allocation of capital
- Leverage existing Group assets where appropriate e.g. relationships, infrastructure, presence, experience
Qantas International: Progress against strategic objectives to date

*Initial phase of transformation plan announced August 2011*

<table>
<thead>
<tr>
<th>PILLARS</th>
<th>PROGRESS</th>
<th>ACHIEVEMENTS TO DATE</th>
</tr>
</thead>
</table>
| Superior Customer Experience | • Implemented international Faster, Smarter Check-in at key trans-Tasman ports  
|                              | • Extended A380 network to HKG                                           | • Commenced reconfiguration of 9 x B747 aircraft with award winning A380 product  
|                              | • Commenced upgrades to premium lounges in LAX, SIN, HKG                 |                                                                                                                                                  |
| Underlying Business Transformation | • Industrial Relations environment stabilised  
|                              | • Reduced capital expenditure in business via deferral of 6 x A380 aircraft  
|                              | • Further optimised network - DFW in lieu of SFO; Santiago in lieu of Buenos Aires  
|                              | • Continued transformation of cost base via QFuture                      |                                                                                                                                                  |
| Strengthen Network           | • Granted full ATI clearance for Joint Business Agreement with American Airlines  
|                              | • Restructured and strengthened Joint Service Agreement with British Airways, reduced exposure to Europe  
|                              | • Sponsorship of Malaysia Airlines into **oneworld**                      |                                                                                                                                                  |
| Strengthen Asia              | • Evaluating various options with key stakeholders relating to new Asian premium airline |                                                                                                                                                  |
Jetstar: Growing in Asia
Bruce Buchanan
Group Chief Executive Officer Jetstar
Asia Pacific – significant growth forecast for target market

GLOBAL MIDDLE CLASS IN 2009 AND PREDICTION IN 2030

Source: IATA, data taken from OECD, Standard Chartered Research
Asia Pacific is the largest and fastest growing region in the world aviation market

• Asia Pacific LCC sector growing at **33% CAGR**, but still under penetrated

• LCC profit pool to grow to **A$13bn by 2020**

**MAJOR GROWTH OPPORTUNITY FOR LCCS IN ASIA PACIFIC:**
LCC SHARE OF TOTAL CAPACITY BY REGION/COUNTRY

Source: CAPA Centre for Aviation
Jetstar in Asia: Where are we today?

- Jetstar is one of the fastest growing airlines in the Asia Pacific region
  - Operations based across two continents and four countries
  - Servicing 17 countries, 57 destinations
  - Combined operating fleet of 78 aircraft\(^1\)
  - 3,000 flights per week and growing

- Jetstar brand embedded in Asia
  - Significant growth into China – servicing 10 ports, with further growth opportunities
  - Launch of long-haul A330 base in Singapore

- Jetstar Asia strong profits and growing
  - Normalised PBT\(^2\) of SGD18m with 46% capacity growth

---

### BUSINESS LAUNCH BASED AIRCRAFT\(^3\)

<table>
<thead>
<tr>
<th>BUSINESS</th>
<th>LAUNCH</th>
<th>BASED AIRCRAFT</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Jetstar Australia</td>
<td>2004</td>
<td>36- A320s</td>
</tr>
<tr>
<td>2. Jetstar Asia</td>
<td>2004</td>
<td>16- A320s &amp; 3- A330s</td>
</tr>
<tr>
<td>3. Jetstar International</td>
<td>2006</td>
<td>8- A330s</td>
</tr>
<tr>
<td>4. Jetstar Pacific</td>
<td>2007</td>
<td>5- B737s &amp; 2- A320s</td>
</tr>
<tr>
<td>5. Jetstar NZ</td>
<td>2009</td>
<td>8- A320s</td>
</tr>
<tr>
<td>6. Jetstar Japan</td>
<td>2012</td>
<td>3- A320s (at launch)</td>
</tr>
</tbody>
</table>

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1. Including Jetstar Pacific aircraft 2. FY11 figure adjusted for SGD10m of long-haul start-up costs but including other start-up costs from organic growth of narrow body operations 3. Fleet numbers as of 30 June 2011
Jetstar in Asia: Business Model and Strategy

THE LEADING LOW COST CARRIER IN ASIA

Safety is always our first priority

Lowest cost in every market we serve
Operational excellence and innovation
World-leading ancillary revenue
Strong brand with high customer engagement

Manage global and local priorities through a franchise operating model

Passionate teams, highly engaged
KPIs: What does success look like?

<table>
<thead>
<tr>
<th>PILLARS</th>
<th>KEY MEASURES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lowest cost in every market we serve</td>
<td>• Lowest CASK in each region</td>
</tr>
<tr>
<td>Operational excellence and innovation</td>
<td>• Leading international aircraft utilisation</td>
</tr>
<tr>
<td></td>
<td>• Benchmark TRIFR(^1) and LWCFR(^2)</td>
</tr>
<tr>
<td>World-leading ancillary revenue</td>
<td>• Industry leading ancillary revenue per passenger</td>
</tr>
<tr>
<td>Strong brand with high customer engagement</td>
<td>• Leading NPS(^3) for LCC in each region</td>
</tr>
<tr>
<td></td>
<td>• Superior employee engagement</td>
</tr>
</tbody>
</table>

Improve returns on capital to sustainably exceed cost of capital

1. Total Recordable Injury Frequency Rate  2. Lost Work Case Frequency Rate  3. Net Promoter Score
Jetstar sources of competitive advantage

- Jetstar Group scale
- Consistent customer experience
- Integrated Pan Asian network
- Consistently low fares
- Can do culture
- Operational efficiency
- World class ancillary revenues
- Highly recognised brand
Expanding Jetstar’s footprint in Asia: Leverage capital-efficient franchise operating model

Considered and prudent approach to growth and expansion

China: growing presence in global economy

- Linking China to Asia via international connectivity
- 10 destinations in Greater China

South Asia: likely to become an important market in the future

- Monitoring closely

Japan: strengthening LCC competitive environment

- Set to launch Jetstar Japan in 2012
- Links to North Eastern Chinese ports

Southeast Asia: evolved LCC market with strong competition

- Expanding presence and profitability
- Turnaround Jetstar Pacific
Franchise model underpins scalable growth

**Jetstar**

Brand, Revenue Generation, Scale

- **AUSTRALIA & NEW ZEALAND (DOMESTIC)**
- **INTERNATIONAL**
- **ASIA (SINGAPORE)**
- **PACIFIC (VIETNAM)**
- **JAPAN**

QF joint capacity & network management
Further building on Jetstar’s strong brand which already resonates at a local level
Growing Jetstar in Japan

• Japanese domestic market
  – World’s 10th largest population: 127 million people
  – Four of the world’s top ten routes by seats
  – Large market with low LCC penetration
  – Dominated by ANA (54%) & JAL Group (34%)
  – Significant opportunity to stimulate demand with low fares

• Jetstar Japan
  – Jetstar Japan to launch in 2012
  – JAL & Mitsubishi strong local partners
  – First true LCC covering entire Japanese market
  – Leverages strong Jetstar brand position
  – Grow to 24 aircraft\(^1\) in first few years
  – Focus on domestic and international leisure destinations

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

---

1. Off balance sheet for Qantas Group  2. Based on gross revenues
Critical success factors in place for Japan

**True cost leadership**
- Proven experience operating LCCs in high labour cost markets
- Leveraging Jetstar Group supply and service contracts

**Dual-brand strategy with Japan Airlines**
- Anti-trust immunity granted by Japanese Fair Trade Authority
- Only LCC with experience of interlining and codesharing with Full Service Carrier
- Access to constrained infrastructure and coordination of capacity with JAL

**Brand awareness and distribution networks in Japan**
- Well established brand
  - Highest LCC recognition
  - Top 100 brand
- Value of connectivity and network reach of Jetstar, Jetstar Asia, Qantas and JAL
Session 2: Q&A
Group: Fleet Strategy
Gareth Evans
Chief Financial Officer
Virtuous cycle of fleet investment builds long term shareholder value
Improved operational efficiency driven by fleet simplification...

2011 - 7 Fleet Types
- A380
- B747
- A330
- B767
- B737-400
- B737-800
- JETSTAR

2021 - 5 Fleet Types
- A380
- A330
- B737-800
- B787
- A320

Additionally, an increase in B787 allocation is TBD based on return measures.

Note: excludes Regionals
... combined with a modern, sustainable fleet

- Jetstar 4.3 years versus average Low Cost Carrier 5.0 years \(^1\)
- Qantas Airlines 9.6 years versus average Full Service Carriers 10.5 years \(^1\)

---

1. Average fleet age based on comparative sample data included in graph
Source: Company reports, data taken from last reported period where available as at May 2011 data. Qantas data as at Q3 2011
Fleet renewal drives superior economics

AVIATION FUEL CONSUMPTION

<table>
<thead>
<tr>
<th>FY06</th>
<th>FY07</th>
<th>FY08</th>
<th>FY09</th>
<th>FY10</th>
<th>FY11</th>
</tr>
</thead>
<tbody>
<tr>
<td>35.0</td>
<td>35.5</td>
<td>36.0</td>
<td>36.5</td>
<td>37.0</td>
<td>37.5</td>
</tr>
</tbody>
</table>

Delivery of first 3 A380s

REDUCTION IN FUEL CONSUMPTION

- A380: ~10%
- A320neo: ~15%
- B787: ~20%

REDUCTION IN UNIT COST

- A380: ~8%
- A320neo: ~8%
- B787-9: ~15%

1. A380 compared with B744, A320neo compared to A320 (no sharklets) and B787 compared to B763. Unit cost improvement and fuel savings are approximate.
Disciplined investment in growth markets

FLEET PROFILE – EXISTING¹ & GROWTH

<table>
<thead>
<tr>
<th>No. of Aircraft</th>
<th>BUILDING ON OUR STRONG DOMESTIC BUSINESS</th>
<th>INTERNATIONAL OPERATIONS</th>
<th>GROW JETSTAR IN ASIA</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>QANTAS</strong></td>
<td>153²</td>
<td>58</td>
<td></td>
</tr>
<tr>
<td><strong>JETSTAR</strong></td>
<td>38</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>EXISTING</strong></td>
<td></td>
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<tr>
<td><strong>NEW VENTURES</strong></td>
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</tbody>
</table>

1. Forecast existing passenger Fleet as at 31 December 2011 (excludes 5 x Freighter aircraft)  2. Includes 9 x Network Aviation aircraft

- Jetstar Asia  16
- Jetstar Pacific  7 (off balance sheet 27% economic interest)
- Jetstar Japan  24 (off balance sheet 42% economic interest)
Flexible fleet plan prepared for all market demand scenarios

• Fleet is the major component of asset base and invested capital

• Group’s fleet plan includes significant 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
Group: Funding Strategy
Gareth Evans
Chief Financial Officer
Qantas is one of the only airlines with an Investment Grade Credit Rating (IGCR)

- Competitive advantage over peers, particularly in more difficult funding markets
- Enables investment in fleet renewal and new product
- Supports profitable growth
Status of funding markets

- European uncertainty is impacting availability of bank debt
  - Banks focusing on companies with stronger credit profiles
- Qantas bank funding historically sourced from a diverse range of local and offshore institutions
- Qantas retains access to a broad geographic spread of debt funding sources
- ECA\(^1\) rules have recently changed to align pricing and terms to airline credit quality
  - Limited impact on Qantas Group given our strong credit rating and range of alternate funding sources available
- Capital markets products remain open to Qantas
  - e.g. public bond markets, EETC-type structures, ECA\(^1\) and ExIm Bonds
- Australia is an attractive jurisdiction for lenders
  - Well developed legal environment
  - Access to assets
  - Upcoming Personal Property Security Act

\(^{1}\) Export Credit Agencies
Strong balance sheet with robust framework for capital management

- Cash reserves exceeding $3.3bn plus $300m Standby Debt Facility\(^1\)
- $845m unsecured syndicated loan tranches maturing in April 2014 and April 2015
- Mandated funding in place for FY12 aircraft deliveries including 2 x A380, 10 x B737-800 and 3 x Q400
- Qantas manages its balance sheet to protect its IGCR
  - Increased unencumbered narrow body aircraft by 16 in the past 2 years
  - Retained significant flexibility in the fleet plan
- Continue to leverage balance sheet strength to fund upcoming deliveries with a mix of cash, structured leases, bank and ECA funding
- No financial covenants in any financing facilities
- The Group will continue to actively manage capital to support measured growth, manage the business in uncertain times, maintain an Investment Grade Credit Rating and target appropriate returns for shareholders

\(^1\) Undrawn
Summary
Alan Joyce
Chief Executive Officer
## Qantas Group: 5 Year Measures of Success

<table>
<thead>
<tr>
<th>PILLARS</th>
<th>METRICS</th>
<th>CURRENT RETURNS</th>
<th>TARGET RETURNS</th>
</tr>
</thead>
</table>
| Building on our strong domestic business | • Maintain profit-maximising 65% market share  
• NPS: QA - relative NPS differential > 10%;  
JQ leading LCC NPS  
• QA: 90% OTP^2  
• Improvement in unit cost | ROIC > WACC | Continue to strongly exceed cost of capital^1 |
| Deepening FFP member and partner engagement | • 10 million QFF members  
• Partners in all areas of major consumer spend  
• 5-10% EBIT CAGR FY12-FY17  
• Maintain breakage below 10% | ROIC > WACC | Continue to exceed cost of capital and grow returns |
| Growing our portfolio of related businesses | • Add incremental value to the Group  
• Individual businesses achieve ROIC > WACC  
• Minimal capital requirements | ROIC > WACC | Continue to exceed cost of capital |
| Transforming Qantas International | • Short term: return business to profit  
• Relative NPS differential > 10%  
• 85% OTP  
• Improvement in unit cost | ROIC < WACC | Improve return on capital^1 |
| Growing Jetstar in Asia | • Top 2 LCC in Asia Pacific Region (by revenue)  
• Lowest CASK for each Jetstar branded airline  
• All new ventures profitable within 3 years | ROIC ~ WACC | Improve return on capital |

1. Long term financial objective for Qantas Airlines segment is to sustainably exceed the cost of capital on a combined basis

2. On Time Performance
Summary

• **Group of businesses with significant value**
  – Majority of businesses are strong – evolving, building and growing
  – One underperforming business – transforming Qantas International
  – New opportunities leveraging existing operations – growing Jetstar in Asia

• **Clear vision and strategic objectives with KPIs in place to measure success**

• **Significant change management program underway**
  – Management Team has depth of experience to lead change

• **Resolute on motivating and enabling our people to deliver excellence**

• **Strong balance sheet, prudent approach to capital allocation and a flexible investment profile**
Q&A