

QANTAS AIRWAYS LIMITED

ABN 16 009 661 901

MARKET UPDATE AND PRELIMINARY MONTHLY TRAFFIC AND CAPACITY STATISTICS

NOVEMBER 2009

Market Update

Operating conditions have improved when compared to the second half of the 2008/09 financial year with passenger volumes and yield improving. As a result Qantas expects to achieve, subject to AASB139 volatility, a profit before tax in the range of \$50 - 150 million for the first half of the 2009/10 financial year.

High levels of volatility in the economic outlook, industry capacity, passenger demand, fuel prices and exchange rates continue.

Summary of Traffic and Capacity Statistics

Month of November 2009

November Group (comprising Qantas Domestic, QantasLink, Jetstar Domestic, Qantas International and Jetstar International) passenger numbers increased by 9.7 percent over the previous year. RPKs increased by 3.0 percent and ASKs were down 2.0 percent, resulting in a revenue seat factor of 82.3 percent, which was 4.0 percentage points higher than the previous year.

Financial Year to Date November 2009

Group passenger numbers for the financial year to November 2009 were up 6.9 percent from the previous year. RPKs increased by 1.1 percent, while ASKs decreased by 2.5 percent, resulting in a revenue seat factor of 82.5 percent, which was 2.9 percentage points higher than the previous year.

Total Domestic (Qantas, QantasLink and Jetstar Domestic operations) yield excluding foreign exchange for the financial year to November 2009 was 8.9 percent lower when compared to the same period the prior year. Total International (Qantas and Jetstar International operations) yield excluding foreign exchange for the financial year to November 2009 decreased by 23.2 percent when compared to the same period the prior year.

Recent Developments

On 2 December, Qantas introduced a brand new A330-200 aircraft to the domestic network, offering passengers new seating and personal on-demand inflight entertainment in all cabins.

On 10 December, Qantas unveiled a new security screening facility at its domestic terminal in Perth, part of the airline's \$75 million terminal upgrade program.

On 10 December, Jetstar announced significant growth in its domestic Australian operations in 2010 by introducing 77 new weekly return services adding 700,000 new seats annually.

On 16 December, Qantas welcomed the Federal Government's confirmation that it would remove foreign investment restrictions under the Qantas Sale Act. The changes, outlined in the Government's National Aviation Policy Statement, will remove restrictions on the amount of interest in Qantas held by foreign airline shareholders (currently 35 per cent of share capital) and foreign individual shareholders (currently 25 per cent of share capital). The 49 per cent restriction on total foreign shareholders will remain.

Update on Hedging and Foreign Ownership

Qantas has hedged 85 percent of its expected fuel requirement in 2009/10 at a worst-case crude oil price of US\$88 per barrel including option premium. At current rates, Qantas has 78 percent participation in falling oil prices for the remainder of the year.

While not required under ASX Listing Rule 3.19, Qantas confirms that a subsequent reconciliation undertaken following the update of foreign ownership on 18 November 2009 found the level of foreign ownership to be 44.8%. Qantas remains subject to an aggregate foreign ownership limit of 49%.

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PRELIMINARY MONTHLY TRAFFIC AND CAPACITY STATISTICS
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	2009/10	Month 2008/09	Change	2009/10	Financial Year to Date 2008/09	Change
Qantas Domestic						
Passengers carried ('000)	1,399	1,368	2.3%	7,175	7,114	0.9%
Revenue Passenger Kilometres (m)	1,971	1,949	1.1%	10,373	10,357	0.2%
Available Seat Kilometres (m)	2,374	2,495	(4.8)%	12,430	12,924	(3.8)%
Revenue Seat Factor (%)	83.0	78.1	4.9 pts	83.4	80.1	3.3 pts
QantasLink						
Passengers carried ('000)	361	355	1.5%	1,822	1,816	0.3%
Revenue Passenger Kilometres (m)	248	254	(2.4)%	1,268	1,324	(4.2)%
Available Seat Kilometres (m)	362	362	(0.1)%	1,793	1,845	(2.8)%
Revenue Seat Factor (%)	68.7	70.3	(1.6) pts	70.7	71.7	(1.0) pts
Jetstar Domestic						
Passengers carried ('000)	711	678	4.9%	3,600	3,486	3.3%
Revenue Passenger Kilometres (m)	795	734	8.3%	4,109	3,976	3.4%
Available Seat Kilometres (m)	933	926	0.8%	4,872	4,907	(0.7)%
Revenue Seat Factor (%)	85.2	79.3	5.9 pts	84.3	81.0	3.4 pts
Qantas International						
Passengers carried ('000)	482	623	(22.6)%	2,476	3,212	(22.9)%
Revenue Passenger Kilometres (m)	4,053	4,511	(10.2)%	21,362	23,440	(8.9)%
Available Seat Kilometres (m)	4,882	5,680	(14.0)%	25,434	29,214	(12.9)%
Revenue Seat Factor (%)	83.0	79.4	3.6 pts	84.0	80.2	3.8 pts
Jetstar International						
Passengers carried ('000)	335	146	129.8%	1,630	770	111.7%
Revenue Passenger Kilometres (m)	959	601	59.7%	4,546	3,233	40.6%
Available Seat Kilometres (m)	1,214	820	48.1%	5,864	4,289	36.7%
Revenue Seat Factor (%)	79.0	73.3	5.7 pts	77.5	75.4	2.1 pts
Jetstar Asia						
Passengers carried ('000)	189	-	-	823	-	-
Revenue Passenger Kilometres (m)	263	-	-	1,148	-	-
Available Seat Kilometres (m)	309	-	-	1,474	-	-
Revenue Seat Factor (%)	84.9	-	-	77.9	-	-
Total Group Operations						
Passengers carried ('000)	3,477	3,170	9.7%	17,526	16,397	6.9%
Revenue Passenger Kilometres (m)	8,289	8,049	3.0%	42,806	42,330	1.1%
Available Seat Kilometres (m)	10,074	10,282	(2.0)%	51,867	53,180	(2.5)%
Revenue Seat Factor (%)	82.3	78.3	4.0 pts	82.5	79.6	2.9 pts

Notes

Any adjustments to preliminary statistics will be included in the year to date results next month. Where figures have been rounded, discrepancies may occur between the sum of the components of items and the total and in percentage changes which are derived from figures prior to rounding.

The number of passengers carried is calculated on the basis of origin/destination (ie. one origin/destination journey represents one passenger regardless of the number of stage lengths undertaken).

Key

(m): Millions

RPKs: The number of paying passengers carried multiplied by the number of kilometres flown

ASKs: The number of seats available for sale multiplied by the number of kilometres flown