



THE MARKET

Qantas is Australia's leading domestic airline, operating more than 5,000 domestic flights a week and serving about 58 destinations in all states and mainland territories. Qantas operates nearly 540 international flights every week, offering services to about 77 destinations in 32 countries. The airline serves major cities in the Asia/Pacific region, the UK, Europe, North America, South America and southern Africa.

International Air Transport Association (IATA) comparisons for the 2002 calendar year show that Qantas is the world's 11th largest airline in terms of Revenue Passenger Kilometres (RPKs). The Qantas Group carried nearly 29 million passengers in 2003. It employs approximately 34,000 people worldwide.

ACHIEVEMENTS

Qantas has a widely acknowledged history of innovation. As early as 1958, it pioneered a round-the-world service, with two Super Constellations circumnavigating the globe in opposite directions. In 1979 it was the first airline to introduce Business Class.

Qantas has twice won the prestigious Cumberbatch trophy - awarded by the British Guild of Air Pilots and Air Navigators for safety and reliability.

Qantas is committed to the highest standards of corporate social responsibility and is a proud financial and hands-on supporter of a wide range of community, arts and sporting organisations. In April 2003, Qantas was awarded the inaugural Queensland Community Foundation Award in recognition of the company's ongoing support of communities in need, with particular mention of Qantas' efforts following the tragic bombings in Bali in October 2002.

In 2003 Qantas and long-term partner UNICEF were awarded the Australian Financial Review Magazine's award for outstanding long-term partnership.

HISTORY

Qantas was established by pioneer aviators Paul McGinness and Wilmot Hudson Fysh on their return from service with the Australian Flying Corps in World War I, and grazier, Fergus McMaster. It was registered in Brisbane on 16 November 1920. The

company takes its name from the initial letters in the words in the original registered title - Queensland and Northern Territory Aerial Services Limited. The company began its operations with joy rides and air taxi flights. Regular scheduled airmail and passenger services began on 2 November 1922, from Charleville to Cloncurry in rural Queensland. The journey of 923 kilometres took two days with an overnight stop at Longreach.

In 1919 McGinness and Hudson Fysh were commissioned to find suitable landing grounds for a Great Britain-Australia air race. After completing the survey in a Model T Ford, they were convinced that air travel was the ideal alternative for crossing sparsely populated country where roads were almost non-existent. McGinness soon pursued other interests, Fysh - later Sir Hudson - remained with the company for 46 years. He was knighted in 1953 and retired as Chairman in 1966.

Qantas has played a key role in the development of Australian and international aviation. In 1928 it operated the first flying doctor service for the Reverend John Flynn's Australian Inland Mission. In 1931 Qantas made its first link with Imperial Airways (a predecessor

of British Airways) when it carried mail to Darwin as part of an experimental Australia-UK service.

The year 1934 saw the formation of Qantas Empire Airways Limited, with Imperial Airways holding 50 per cent. The two airlines began regular Australia-UK services in December 1934, initially carrying only mail.

A Qantas aircraft flew

overseas for the first time in February 1935 when a DH86 operated the Brisbane to Singapore section of the service, and the first Qantas overseas passenger left Brisbane for Singapore in April 1935. Four-engined Shorts 'Empire' flying boats brought new levels of luxury and comfort to the Australia-UK service from July 1938.

THE PRODUCT

All Qantas aircraft are maintained to the highest standards and are flown by some of the world's most experienced pilots. Qantas also undertakes engineering, pilot and cabin crew training for customer airlines.

Qantas' total fleet currently includes nearly 200 aircraft, with a core fleet of about 133 jet aircraft used on international and main national routes.

With more than 3.8 million members, the Qantas Frequent Flyer Program is the largest Australian-based airline loyalty program. Frequent Flyer points can be redeemed for air travel on Qantas and partner **oneworld** airlines, hotel stays, and car hire companies.

The Qantas Club program provides members with access to a network of Qantas Club and associated lounges in Australia and around the world. The lounges provide a quality environment for passengers to relax or do business before flying.

In just five years, **oneworld** has established itself as the most global of the world's airline alliances. Current members comprise nine of the world's leading airlines - Qantas, Aer Lingus, American Airlines, British Airways, Cathay Pacific, Finnair, Iberia, LanChile and Swiss. The alliance provides services to some 575 destinations in around 135 countries. In 2003, **oneworld** member airlines carried nearly 220 million passengers (equivalent to one in 30 of the world's population), flew some 2.25 billion miles (equivalent to around 12 return trips to the sun) and operated around three million flights.





The alliance's members work together to make travel across their combined networks as smooth as possible, through extensive codesharing and by locating close to one another at key connecting airports wherever possible. For more information, see www.oneworld.com

Qantas Freight generates revenue in excess of A\$700 million per annum. Qantas has been carrying freight since the airline's inaugural service in November 1922 and uplifting international airmail since the airline's first international flight between Darwin and Singapore in February 1935.

Freight capacity has been further increased on the Qantas network with the start-up of Australian Airlines, an international, all economy class, full service carrier, in October 2002. Australian Airlines flies to destinations in Japan as well as Singapore, Hong Kong, Indonesia and Malaysia.



RECENT DEVELOPMENTS

Qantas has invested in a \$385 million dollar overhaul of its International Business Class, featuring the state-of-the-art sleeper seat, Skybed, and a range of other product and service enhancements that have set new standards for business travel. Skybed was designed by Australian industrial designer Marc Newson and developed by USA-based manufacturer BE Aerospace in association with Qantas engineering. It offers a sleek, contemporary design and a range of innovative features that provide maximum comfort, convenience and flexibility for customers.

In early 2004, Skybed won a Good Design Award from the Chicago Athenaeum Museum of



Architecture and Design – one of the world's oldest and most prestigious international design awards.

Qantas has also introduced a self-service Business Bar, again designed by Marc Newson, that offers a range of premium snacks and beverages, in addition to the regular meal services.

A new mood lighting system has been designed exclusively for Qantas and is the first of its kind in the skies. Customers can also take advantage of the Qantas Short Message Service (SMS) system, also launched with the airline's new International Business Class. The new Qantas system allows customers in all classes to send messages using their in-seat telephone handset, and also to receive replies – a service that is a world first. The service is being installed progressively on the airline's international 747-400s. Inflight customers can send messages of up to 160 characters to any SMS compatible

mobile phone or email address. People receiving the messages on the ground can reply to the passenger inflight, using the normal reply facility on either their mobile telephone or e-mail function, with the reply automatically routed back to the originating seat. The new service gives customers access to family, friends and business while flying.

Other enhancements include new catering options designed by Australian chef Neil Perry with health and express meal options, a "silver service" style of meal delivery, as well as a range of



refreshments available throughout the flight and prepared to order.

Business and First Class customers now also enjoy new luxury amenity kits. Qantas staff began wearing distinctive new uniforms designed by Australian fashion designer Peter Morrissey in 2003. The uniforms are contemporary and stylish as well as durable, flexible and comfortable. Balarinji Design Studio made an important contribution to the overall design with John and Ros Moriarty developing a new textile design, Wirriyarra. Balarinji is the company behind the company's distinctive Aboriginal painted aircraft.

BRAND VALUES

Qantas is one of Australia's leading brands, with the kangaroo symbol representing a proud history focused on reliability, safety, engineering excellence and



customer service. These values have recently been recognised by many awards:

Airline of the Year for 2004, leading international aviation magazine Air Transport World. Best Airline to the Pacific, New Zealand and Australia, the prestigious UK Travel Weekly Globe Awards. Best Airline (International, Domestic and Regional) and special award for Outstanding Contribution by a Company, National Travel Industry Awards (2003) and Best Airline (2002 and 1999). World Airline Entertainment Association Avion Awards for Best Overall Inflight Entertainment (2003 and 2002). Wholesaler of the Year (Qantas Holidays), National Travel Industry Awards (2003 and 1997-2001). Best Cargo Airline to Australia by Air Cargo News (2003). Best International Affinity Card for the Qantas Telstra Visa Card, Freddie Awards (2002 and 2000). Best Airline in Australasia/Pacific, OAG UK Airline of the Year Awards (2002 and 2000). Banksia Environment Award to Qantas and Visy for packaging and recycling of in-flight meals (2002). Airline with the best corporate image in both domestic and international categories by Australian National Business Bulletin magazine (2001).

THINGS YOU DIDN'T KNOW ABOUT QANTAS

- On average, a **oneworld** flight departs or lands somewhere in the world every five seconds.
- A Qantas engineer invented the 'black box' flight recorder.
- Hollywood superstar John Travolta became a Qantas staff member in June 2002, and earned his 747 wings.
- Qantas is the oldest continually operating airline in the world.
- The design on Wunala Dreaming- the red Qantas 747-400 painted with an Aboriginal design- includes 1324 irregular dots.
- A Qantas engineer invented the inflatable safety slide.