



THE MARKET

Qantas is the world's second oldest airline and Australia's leading airline, operating more than 5,000 domestic flights a week under the Qantas, QantasLink and Jetstar brands. The airline serves 57 destinations in Australia, across all states and mainland territories. The Qantas Group operates nearly 750 international flights every week, offering services to 82 overseas destinations in 36 countries (including codeshare services). The airline serves major cities in the Asia/Pacific region, the UK, Europe, North America, South America and southern Africa.

The Qantas Group carried nearly 34 million passengers in the year ended 30 June, 2006.

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 comprises of nearly 216 aircraft, comprising Boeing 747s, 767s, 737s and 717s. The group also operates Airbus A330s and

A320s along with Bombardier Dash 8s and Q400s. Advanced new Airbus A380 and Boeing 787 aircraft are on order, with delivery beginning in 2008.

The Qantas Frequent Flyer Program is the largest Australian-based airline loyalty program, boasting more than 4.6 million members. 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 ten of the world's leading airlines - Qantas, Malev, American Airlines, British Airways, Cathay Pacific, Finnair, Iberia, LanChile, Royal Jordanian and JAL. The alliance provides services to some 700 destinations in around 150 countries. In 2006, oneworld member airlines carried nearly 320 million passengers (equivalent to one in 30 of the world's population). It operated almost 3.5 million flights - an average of one oneworld airline departure or arrival somewhere around the world every five seconds around the clock and earned more than US\$90 billion in revenues.

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 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.

Qantas has one of the largest aircraft engineering and maintenance operations in the Asia Pacific region and has a global reputation for operational excellence and safety.

RECENT DEVELOPMENTS

Qantas has invested in a new premium ground experience in Sydney and Melbourne, consisting of dedicated and exclusive premium check-in facilities for First and Platinum Frequent Flyers. First passengers also enjoy kerbside greeting and porter

service, with seated hotel-style check-in and are then escorted through immigration to the First Lounge. These state of the art lounges, which opened in May 2007 in Sydney and Melbourne, were designed by Australian industrial designer and Qantas Creative Director Marc Newson, and feature complimentary day spa and an open kitchen with a menu designed by iconic Australian chef Neil Perry.

Once on board, passengers in First will receive amenity kits from Collette Dinnegan and Akira Isogawa, featuring products from Payot Paris. The new First pyjamas have also been designed by Akira Isogawa. The First cabin is also being refreshed progressively on every aircraft, starting in 2007.

As of March 2007, customers on selected routes



in Qantas's International Business Class have benefited from receiving their own sets of pyjamas, designed by Australian fashion designer Peter Morrissey. This product enhancement comes on top of a recent \$385 million overhaul of International Business, 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 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.

Other enhancements include new dining options designed by Australian chef Neil Perry, including a new Tasting menu and Black Pearl caviar service on selected services in First. Passengers in Business also enjoy meals designed by Perry's Rockpool restaurant, which feature healthy options and on-demand service.



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

- Qantas was the first airline in the world to introduce Business Class.
- A Qantas engineer invented the "black box".
- Hollywood superstar John Travolta became a Qantas staff member in June 2002, and earned his 747 wings.
- Qantas is the oldest continuously 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.