

QANTAS AIRWAYS LIMITED
ACN 009 661 901

**RECENT DEVELOPMENTS AND
PRELIMINARY* MONTHLY TRAFFIC AND CAPACITY STATISTICS**

MAY 2000

Recent Developments

Qantas has extended the first ever franchise of its brand to another airline - Ansett New Zealand. The newly branded airline will be known as Qantas New Zealand, operated by Tasman Pacific Airlines of New Zealand. It will offer Qantas products and services, with aircraft carrying the Qantas livery and front line staff wearing a Qantas uniform. The new airline is expected to be launched in September this year.

Qantas has joined thirteen other major Australian companies to establish a joint venture to operate an e-procurement, business to business (B2B) exchange called **corProcure**. The exchange offers significant opportunities for business transformation, harnessing the power of the Internet to streamline the purchasing process and improve the efficiency of the airline's supply chain.

Qantas has indicated that the airline is a potential launch customer for the world's largest commercial aircraft – the A3XX being developed by Airbus Industrie. Qantas is interested in the A3XX-100 variant capable of carrying more than 500 passengers in a three-class configuration on key, high-density routes between Australia and London and Australia and Los Angeles. Under the proposal being discussed with Airbus, Qantas would be seeking deliveries of up to 10 of the new aircraft progressively from 2006 to 2010 and beyond.

Qantas is the first airline in the world to develop and fly a new high-altitude route, between Asia and Europe over China, known as The Silk Road Route. This new route is the first in the world to overfly the Tibetan Plateau using sophisticated navigation equipment. With the Silk Road Route, Qantas is able to avoid the nightly congestion over the Middle East, representing a time-saving of about 30 minutes for passengers, together with fuel and other efficiency savings for the airline.

Qantas and eight other airlines have announced plans to launch a new online travel exchange for Asia-Pacific. The exchange, which is yet to be named, will have both business-to-consumer (B2C) and business-to-business (B2B) elements, and will include a full spectrum of travel services such as air travel, hotel bookings, car rentals and land tours. The airlines will provide independently priced products to the venture. The exchange will be operated by a new business entity, separate from each of the airlines, with its own independent management team.

Qantas took delivery of a new Boeing 767-300 series aircraft, the fourth new aircraft added to the airline's fleet in the past nine months, taking the Qantas B767-300 fleet to a total of 22 aircraft. This new aircraft will operate mainly on domestic routes to cater for increases in demand, and will fly predominantly between Brisbane, Sydney and Melbourne, but will also be used between Sydney, Melbourne and Perth.

Qantas has welcomed Polynesian Airlines as a partner in the Qantas Frequent Flyer program, effective 1 July 2000, allowing Qantas Frequent Flyer members to earn and redeem points when flying on Polynesian Airlines services.

Total Group Operations	Month			Financial Year to Date		
	1999/00	1998/99	Change	1999/00	1998/99	Change
Passengers carried ('000) **	1,635	1,529	6.9%	18,794	17,677	6.3%
Revenue Passenger Kilometres (m)	5,148	4,692	9.7%	58,937	54,986	7.2%
Available Seat Kilometres (m)	7,240	6,815	6.2%	77,920	75,185	3.6%
Revenue Seat Factor (%)	71.1	68.8	2.3 pts	75.6	73.1	2.5 pts

Group Operations

Group (international, domestic and regional) passenger numbers increased by 6.9 percent compared to the same month last year. Total RPKs and ASKs for May increased by 9.7 percent and 6.2 percent respectively, resulting in a revenue seat factor of 71.1 percent, 2.3 percentage points higher than the previous year. For the year to date, passenger numbers increased by 6.3 percent from the previous year. RPKs and ASKs were up 7.2 percent and 3.6 percent respectively, resulting in a revenue seat factor of 75.6 percent, 2.5 percentage points higher than the previous year.

Notes

* Any adjustments to preliminary statistics will be included in the year-to-date results next month.

** 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). 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.

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