



Media Release

QANTAS STATEMENT

SYDNEY, 28 April 2008: Qantas said today it was accelerating initiatives to protect its profitability as fuel prices continued to reach record highs.

The Chief Executive Officer of Qantas, Mr Geoff Dixon, said the Group's successful fuel hedging program, the benefits of its Two Brand Strategy and efficiency gains through the Sustainable Future Program had enabled it to manage higher fuel costs to date.

"We remain confident of meeting our guidance for a 2007/08 result of at least 40 per cent higher than the 2006/07 reported profit before tax," Mr Dixon said.

"Our fundamentals remain very strong. Our flying businesses are well positioned in their markets, we are progressing plans to unlock value in our portfolio businesses and our balance sheet is robust, providing flexibility to fund our future growth.

"The continuing rise of jet fuel prices is of concern, however we have hedged 34 per cent of our 2008/09 needs at a price of US\$90 per barrel WTI, of which the majority is in the first half of the fiscal year and is predominantly in options. But if high fuel prices persist beyond this point it would be of increasing concern."

Mr Dixon said the company was taking immediate steps to minimise the impact of the fuel cost rise, including an increase in domestic and international airfares sold in Australia from 9 May 2008.

The fare increase will apply to all Qantas and QantasLink routes across all fare classes:

- Domestic fares will increase by approximately 3.5 per cent.
- International fares will increase by approximately 3 per cent.

Jetstar is reviewing its fare levels and increases to Qantas fares sold outside Australia are also under consideration.

"Qantas is working hard to counter the rise in fuel prices with further efficiency improvements through an extension of its Sustainable Future Program, as well as a hiring freeze and cutbacks to non-essential expenditure," Mr Dixon said.

"However, an increase in base fares is now necessary to partially bridge the widening gap between the actual increase in the cost of fuel and the amount we offset through surcharges or non-fuel cost improvements. We will continue to monitor fare and surcharge levels and review our network and schedule to optimise capacity."

Mr Dixon also said that, in light of the fuel price volatility, Qantas had decided it was prudent to suspend its share buyback.

Since the buyback commenced in September 2007, Qantas had already returned more than \$500 million to shareholders.

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