



MEDIA RELEASE

Tuesday, 16 August 2011

Qantas Group, Japan Airlines and Mitsubishi Corporation to form Jetstar Japan

The Qantas Group, Japan Airlines Co., Ltd (JAL) and Mitsubishi Corporation announced today the launch of **Jetstar Japan** – a new domestic airline that will bring more low airfares to customers in Japan.

The Qantas Group, JAL and Mitsubishi Corporation will each hold 1/3 share in the new company (voting-rights-basis).

Jetstar Japan will commence domestic operations by the end of 2012 and expects to fly from Tokyo (Narita) and Osaka (Kansai International), with other destinations under consideration including Sapporo, Fukuoka, and Okinawa. Jetstar Japan also plans to ultimately offer short haul international services to key Asian cities making travel more accessible and appealing to millions more people.

The airline will launch with an initial fleet of three new Airbus A320 aircraft, configured for 180 customers in a single class, growing to 24 aircraft within its first few years. Total capitalization commitment for the new airline is up to ¥12 billion.

Qantas Chief Executive Officer, Mr. Alan Joyce, said the establishment of Jetstar Japan was an historic and important step for the Qantas Group.

“The Qantas Group has a long history of serving the Japanese air travel market, with Qantas and Jetstar operating regular services between Australia and Japan,” he said.

“Qantas and JAL have a long-standing relationship, as codeshare partners and fellow **oneworld** alliance members. We are also delighted to be joining with Mitsubishi Corporation— one of Japan’s great global brands – to launch Jetstar Japan, building on the successful expansion of the Jetstar brand across Asia.”

“The Qantas Group has a wealth of experience in establishing low cost carriers and we’re looking forward to working with our two partners on this new venture which will offer low fares to the Japanese travelling public. “

Jetstar Japan will be officially launched in Tokyo today by the President of Japan Airlines, Mr. Masaru Onishi, Executive Vice President & Group CEO, Industrial Finance, Logistics & Development Group Mitsubishi Corporation, Mr. Hideshi Takeuchi, and Jetstar Group Chief Executive Officer, Mr. Bruce Buchanan.



JAL President Mr. Onishi said the partnership with Jetstar is a two-airline strategy that will allow the Japanese carrier to competitively serve a larger part of the Japanese market.

“We are confident that Jetstar Japan will broaden the spectrum of travellers as it creates new demand in this market,” said Mr. Onishi.

“It will encourage even more movement of people within the country and also increase the number of visitors from Asia to Japan. We anticipate this to stimulate consumer spending and play a role in revitalizing the Japanese economy.”

Mr. Takeuchi said: “Jetstar’s entrance to Japan, as a proven successful low cost airline operator, will revitalize our domestic air transportation market. That is the reason for our participation, and we would like to support Jetstar Japan’s success in Japan as well as eastern Asia with our variety of services such as aircraft leasing.”

Jetstar was the first low fares airline to enter Japan in 2007, and has already carried more than two million customers between Australia and Japan.

Jetstar’s low fare model enables people to fly more often and encourages many people to fly for the first time. This new airline will help to stimulate the local tourism industry and broader economy.

The new venture confirms Jetstar’s status as the Asia Pacific’s largest low cost carrier by revenue as well as its fastest growing, having carried almost 20 million people in a single year just seven years after launching.

Strengthening its commitment to encouraging new travel demand, Jetstar Japan fares will be covered by its Price Beat Guarantee to ensure it is always the most competitive in the market place.

New Company Outline

Company Name : Jetstar Japan Co., Ltd (plan)

Address : TBD

Capital : 1/3 each for Qantas, JAL, Mitsubishi Corporation (Voting rights base)

(Total investment base: Qantas 42%, JAL 42%, Mitsubishi Corporation 16%)

*Opportunities exist to further broaden the Japanese shareholder base to gain access to additional business opportunities in the Japanese market.

Base : TBD



Paid-in-capital : Initial capital JPY 4.8 Billion increasing to up to JPY 12 Billion post commencement of operations

Fiscal year ending : June

Number of employee: 150 people in the first year (increase to 800 within a few years)

*Company representative will be determined once the company is formally established. We expect to establish Jetstar Japan and lodge application for Air Operators' Certificate in September 2011.

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Background Fact Sheet

About Jetstar's existing Japan operations

- Jetstar Airways currently flies long haul services with its fleet of Airbus A330 two class aircraft from both Tokyo and Osaka to Cairns and the Gold Coast in Australia, and from Singapore (via Taipei) to Osaka with Jetstar Asia's short haul A320 fleet.
- Since the launch of long haul services in March 2007, Jetstar has become the largest carrier operating services between Australia and Japan and has carried some 2 million customers on its value-based services.



- In 2009, Jetstar was named one of the 100 Best Brands at the 20th annual “Japan’s Best Advertisers” Awards ceremony.

About the Qantas Group and Jetstar

- The Qantas Group’s two complementary flying brands, Qantas and Jetstar, give it unique strength in terms of scale, network and customer reach.
- Qantas is Australia’s largest domestic and international airline and is ranked among the world’s leading premium carriers. Jetstar is one of the world’s fastest-growing and most successful low-cost carrier brands, operating in Australia, New Zealand, the Pacific, and throughout Asia.
- Jetstar is a low fares network of airlines operating in the leisure and value based markets. The Jetstar Group is made up of Jetstar Airways in Australia and New Zealand together with Jetstar branded airlines, Jetstar Asia based in Singapore and Jetstar Pacific based in Vietnam. Jetstar was the first to offer low fare long-haul international services in 2006.
- Jetstar’s mission is to offer all day, every day low fares to enable more people to fly to more places, more often.
- The Jetstar Group is the largest low cost carrier in the Asia Pacific by revenue and has flown over 75 million customers since it launched in 2004. It is also the region’s fastest growing airline, carrying almost 20 million passengers a year just seven years after start up.
- By end-2011 the Jetstar Group will collectively offer more than 3,000 flights a week to over 60 destinations in 17 countries and territories across the Asia Pacific region with a fleet of 86 aircraft.
- The Jetstar Group employs more than 7,000 staff across Asia Pacific.

About Japan Airlines

- Japan Airlines (JAL), awarded the most punctual major global airline in 2009 and 2010, is a member of the **oneworld**^(R) Alliance.
- JAL is a full service carrier with an international network reaching more than 225 airports in 38 countries and regions together with its codeshare partners. From its bases in Tokyo’s Narita Airport and Haneda Airport, as well as Osaka, Kansai, JAL operates non-stop flights serving destinations in North America, Asia, Europe, and Sydney in the Oceania region.



- Domestically, the airline covers more than 50 airports throughout Japan with its largest operations at Tokyo, Haneda.
- JAL operates an average of approximately 22,000 international and domestic flights a month, with a fleet of some 200 aircraft that includes Boeing 777s, 767s, 737-800s, and Brazilian-made regional jets, Embraer E170.
- Japan Airlines' frequent flyer program, JAL Mileage Bank (JMB), is one of the world's largest loyalty programs, with over 23 million members worldwide today.

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| Company name | Japan Airlines Co., Ltd. |
| Address | 4-11 Higashi-Shinagawa 2-chome, Shinagawa-ku, Tokyo |
| Representative | Kazuo Inamori (Chairman), Masaru Onishi (President) |
| Date of establishment | October 1, 1953 |
| Capital | 205 billion yen |
| Number of employees | 13,114 (as of July 1, 2011) |

About Mitsubishi Corporation

- Mitsubishi Corporation (MC) is Japan's largest general trading company (sogo shosha) with over 200 bases of operations in approximately 80 countries around the world, including Japan.
- In addition to its six Business Groups (Industrial Finance, Logistics & Development; Energy; Metals; Machinery; Chemicals; and Living Essentials), MC has added two new Groups, the Business Service Group and the Global Environment Business Development Group.
- Through these organizations and more than 500 subsidiaries and affiliates, MC serves customers around the world in virtually every industry.

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|-----------------------|---|
| Company name | Mitsubishi Corporation |
| Address | 2-3-1 Marunouchi, Chiyoda-ku, Tokyo |
| Representative | Ken Kobayashi (President and Chief Executive Officer) |
| Date of establishment | April 1, 1950 |
| Capital | 204 billion yen |
| Number of employees | 5,665 (as of March 31, 2011) |



Media Release

BUILDING A STRONGER QANTAS – NEW INTERNATIONAL STRATEGY

SYDNEY, 16 August 2011: The Qantas Group today announced the first phase of a new strategy to build a truly modern, customer-focused and competitive global aviation business.

Qantas Chief Executive Officer Alan Joyce said the rebuilding of Qantas International would begin today.

“Qantas International is a great airline with a proud history,” Mr Joyce said.

“But it is suffering big financial losses and a substantial decline in market share. To reverse that decline we need fundamental change.

“Qantas International takes up enormous amounts of capital, and our cost base is around 20 per cent higher than that of our key competitors. To do nothing, or tinker around the edges, is not an option.

“We have established a five-year plan that has the objective, first, of returning Qantas International to profitability in the short term. In five years, the Qantas flying businesses, domestic and international combined, will exceed the cost of capital on a sustainable basis.

“It is a huge task but we start from a good position. The Qantas Group is a large, stable and profitable enterprise with exposure to different markets and business models. We have a powerhouse portfolio of brands from Jetstar to Qantas Domestic and QantasLink, Qantas Freight to Qantas Frequent Flyer.

“At the end of this process, we expect that we will be established on a competitive global platform, with high growth potential across all markets. Instead of being restricted to an Australian-based international airline, Qantas International will be participating in regional Asian opportunities, and in the world beyond.

“We will still be the best premium airline for Australia’s global travellers. Our Frequent Flyer program will offer the best incentives and benefits. We will better reward loyal Qantas passengers and attract new ones. At the same time we will be doing things smarter and more efficiently, extending our reach while we lower our costs. And we will be creating value for our shareholders.

“From today, we are building a stronger Qantas for our customers, employees and shareholders.”

The plan addresses the challenges facing the Qantas International business and has four elements:

- Opening gateways to the world
- Growing with Asia
- Being best for global travellers
- Building a strong, viable business

These goals will be achieved through a number of major initiatives.

- A ‘gateway’ strategy to connect Qantas customers to key global cities in alliance with partner airlines and maximise membership of the **oneworld** alliance, including the following initiatives.
 - The launch of direct services to Santiago, which will replace Buenos Aires as the best entry point to South America for Australians, and is home to Qantas’ **oneworld** partner LAN.
 - The restructure of Qantas’ Joint Services Agreement with British Airways to strengthen the airlines’ Singapore hub – with daily A380 services from Melbourne and Sydney to London via Singapore.
 - The continued development of Qantas’ joint business agreement with American Airlines, based on Qantas’ services to Dallas/Fort Worth.



- Exploring opportunities to work with oneworld member-elect Malaysia Airlines.
- Investment in product and service to ensure that the Qantas customer experience continues to meet the highest global standards.
 - 12 Airbus A380s will be in service by the end of 2011 and the first of nine Boeing 747s being reconfigured with A380-standard cabins will commence flying within the next three months.
 - New premium lounges will be built in Singapore, Hong Kong and Los Angeles.
 - Continued introduction of next-generation Boeing 737-800 aircraft on trans-Tasman services and the launch of Qantas' faster, smarter check-in technology for flights between Australia and New Zealand.
 - Continued focus on increasing points-earning opportunities and rewards for Qantas Frequent Flyers through bonuses for Qantas' most regular customers, network improvements, airline partnerships.
- An enhanced presence in Asia, the world's fastest-growing region for air travel.
 - The Qantas Group will invest in a new premium airline based in Asia, building on Qantas expertise but with a new name, new aircraft and a new look and feel. The location for the new carrier is being finalised and will be announced at a later date.
 - The launch of Jetstar Japan, a new low-cost carrier to begin domestic operations by the end of 2012 and international services within a year, together with iconic Japanese brands Japan Airlines and Mitsubishi.
- Ensuring a strong, viable business through capital expenditure focused on growth opportunities. The following changes have been made to the Qantas Group fleet plan.
 - The acquisition of between 106 and 110 Airbus A320 aircraft to support Group capacity growth and expansion into new markets, including aircraft for Jetstar Japan and the new premium Asia-based airline.
 - Of this order, between 28 and 32 aircraft will be current-generation A320s and the remaining 78 will be the highly fuel-efficient, next-generation A320neo.
 - The delivery of Qantas' final six A380s has been deferred by up to six years, significantly reducing the capital burden on the Group and ensuring the Group maintains a strong balance sheet.
 - The retirement of four Boeing 747s as a result of the international network restructure.
 - The reconfiguration of B747s with A380 product and the reconfiguration of A380s to improve productivity by matching capacity to demand.

There will be an impact on employment from the retirement of older aircraft and network changes – as a result, around 1,000 jobs will be affected. Employees will be provided with full information as plans develop and are implemented and those affected will have access to all the support required. The Group will be looking to minimise the number of compulsory redundancies wherever possible.

There will also be opportunities to capitalise on Qantas skills and talent as new projects are launched.

The initiatives announced today represent phase one of the new strategy. Further details about these projects, and about other new initiatives, will be announced in due course.

Issued by Qantas Corporate Communication (Q5157)

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Media Release

QANTAS GROUP TO PLACE FLEET ORDER

BUILDING A STRONGER QANTAS – NEW INTERNATIONAL STRATEGY

SYDNEY, 16 August 2011: The Qantas Group today announced it would acquire up to 110 Airbus A320 aircraft, plus 194 purchase rights and options, to support fleet renewal and growth for the next 10 to 15 years.

Smart investment in aircraft is part of the Qantas Group's five-year plan to build a truly modern, customer-focused and competitive global airline business.

The Group has committed to order up to 110 A320s (106 confirmed from Airbus and four additional aircraft, either purchased or leased, subject to availability). These aircraft will facilitate capacity growth across Jetstar's domestic and international operations, the launch of Jetstar Japan and the establishment of Qantas' new premium Asia-focused airline - while the purchase rights and options provide the Group with significant flexibility to pursue further growth opportunities on favourable commercial terms.

The Group will become a major customer for the new more fuel-efficient A320neo. The commitment for 110 A320s includes 78 A320neos with 194 rights and options on further purchases.

In addition, as a result of the new strategy and network changes for Qantas international announced today, Qantas will defer the delivery of its final six Airbus A380s by up to six years, driving substantial capital cost savings. Qantas' A380 fleet will reach 12 aircraft by the end of 2011 and 14 aircraft by mid-2013. The remaining six A380s will be delivered to coincide with the retirement of Qantas' last six Boeing 747ER aircraft.

Qantas Chief Executive Officer Alan Joyce said the agreement with Airbus represented the most effective allocation of capital to growth opportunities.

"This is an investment that will position the Qantas Group very strongly in the competitive Asia-Pacific aviation market, while containing costs," Mr Joyce said.

"The first of the A320s will be allocated to the new Jetstar Japan venture between the Qantas Group, Japan Airlines and Mitsubishi. We are using the Qantas Group's scale in the aircraft purchasing market to establish this exciting new airline. Financial management of the fleet will rest with Jetstar Japan and will be funded independently of the Group's balance sheet.

"The remainder of the A320 order will go to other new ventures, including Qantas' premium airline serving the Australia-Asia market, and to renewing Jetstar's global fleet – giving us the flexibility to meet growth requirements where needed.

"Our A380 delivery program is well-advanced, while later this year the first of our Boeing 747s reconfigured with A380 product, seats and inflight entertainment will enter service.

"As our flagship, the A380 is a fabulous aircraft and receives tremendous feedback from our customers. It will continue to lead our long-haul fleet. However, the review and restructure of our international network has led to the decision to defer six of the A380s we have in order.



“Our priority is to allocate capital to those businesses which provide the best return on investment. In this context we will continue to review our capital expenditure. This is an approach we have taken previously with the cancellation of B787 aircraft, and future B787 deliveries, like all aircraft orders, will be reviewed as required.

“We are delighted to have reached agreement with Airbus for this important restructuring of our fleet plan, which reflects our commitment to realise growth potential while maintaining prudent financial management.”

Changes to the Qantas Group fleet plan are as follows:

- The purchase of between 28 and 32 current-generation A320 aircraft.
- The purchase of 78 new A320neo aircraft with 194 rights and options for further purchases.
- The rescheduling of six A380 deliveries by up to six years.

Issued by Qantas Corporate Communication (Q5158)

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Media Release

QANTAS TO ENHANCE PARTNERSHIP WITH BRITISH AIRWAYS

BUILDING A STRONGER QANTAS – NEW INTERNATIONAL STRATEGY

SYDNEY, 16 August 2011: Qantas and British Airways will enhance their long-standing Joint Services Agreement (JSA) partnership to strengthen their Singapore hub and provide better connections, product and service for customers on flights between Australia and London Heathrow.

The move is part of the Qantas Group's five-year plan to build a truly modern, customer-focused and competitive global airline business.

Qantas will continue Airbus A380 services from Melbourne and Sydney to London via Singapore, as well as constructing a new premium lounge at Changi International Airport. British Airways will upgrade its London-Singapore-Sydney service from a Boeing 777 to a larger Boeing 747.

These changes will consolidate Singapore's position as the primary hub for the JSA relationship, bolstering the two carriers' competitive position in the Asia-Pacific region. They will result in a market-leading customer offer both north and south of Singapore, as well as greater operational efficiencies.

Under the restructured JSA, from early 2012 Qantas will fly Australia-Bangkok and Australia-Hong Kong, while British Airways will operate Bangkok-London and Hong Kong-London, maximising the airlines' respective network strengths. British Airways will increase the frequency of London-Hong Kong services from 14 per week to 17 per week.

Qantas will no longer operate the Bangkok-London and Hong Kong-London sectors and British Airways will no longer operate the Bangkok-Sydney sector. However, customers will still be able to connect swiftly and efficiently through both cities.

For Qantas, the restructured JSA will improve profitability on London routes and allow the early retirement of four Boeing 747 aircraft. Valuable landing rights at Heathrow will be retained for future requirements.

Qantas CEO Alan Joyce said it was the right time to restructure the JSA.

"Strengthening our relationship with British Airways is an important element of our new strategy for Qantas International," Mr Joyce said.

"Singapore will become the focal point of the JSA relationship, with daily Qantas A380 services from Melbourne and Sydney and onward to London, increased British Airways capacity and a new premium lounge.

"The new approach is a smarter use of both airlines' resources that will enhance our competitive position in Asia and in the Australia-Europe market.

"Regardless of which airline is operating flights between Australia and the United Kingdom, we are focused on delivering a smooth and enjoyable flying experience for passengers. Restructuring the JSA will put us on the front foot in the fiercely competitive Australia-UK air travel market."



The Qantas-British Airways JSA was established in 1995 and gives the airlines regulatory approval to work together on strategic planning, schedules, pricing frequent flyer programs and sales and marketing, as well as permitting revenue sharing.

Issued by Qantas Corporate Communication (Q5159)

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Media Release

QANTAS TO FLY TO SANTIAGO

BUILDING A STRONGER QANTAS – NEW INTERNATIONAL STRATEGY

SYDNEY, 16 August 2011: Australians will gain unprecedented access to South America through a new Qantas service to Chile's capital, Santiago.

The new service is part of the Qantas Group's five-year plan to build a truly modern, customer-focused and competitive global airline business.

In early 2012, Qantas will commence direct flights between Sydney and Santiago, one of Latin America's main gateways and home port of Qantas' **oneworld** partner LAN Airlines.* This service will operate three times a week, using a three-class Boeing 747 reconfigured with Airbus A380 product, and replace Qantas' current direct flights between Sydney and Buenos Aires. Over time, Qantas will look to increase the frequency of Santiago services to daily.

As the leading premium airline in South America and a **oneworld** member, LAN has an extensive network in South America. The LAN Group includes a number of affiliate passenger airlines in Peru, Ecuador and Argentina, as well as the LAN Cargo business.

Qantas Chief Executive Officer Alan Joyce said flights to Santiago would provide higher connection frequencies across the continent than available through Buenos Aires.

"Direct Qantas flights to Santiago will give Australian businesses and tourists the ideal gateway into the key markets of South America, offering convenient connections to Argentina, Brazil, Peru, Ecuador and Colombia.

"There is considerable potential for Qantas to help develop the fast-growing trade, tourism and cultural ties between the Asia-Pacific and South American markets. Australia's location makes it ideally-placed to act as a hub for passenger and freight traffic from Asia to South America, presenting an alternative to the United States.

"We are particularly pleased to be flying into the home of our **oneworld** partner LAN and look forward to discussing the possibilities for developing a closer relationship."

Flying time from Sydney to Santiago is 13 hours and flying time from Santiago to Sydney is 14 hours 25 minutes.

*Subject to relevant government and regulatory approvals.

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Media Release

QANTAS ANNOUNCES NEW LOUNGES, B747 UPGRADES

BUILDING A STRONGER QANTAS – NEW INTERNATIONAL STRATEGY

SYDNEY, 16 August 2011: Qantas today announced it will invest almost \$400 million in new international lounges, new inflight entertainment and aircraft refurbishment to improve the customer experience.

The investment is part of the Qantas Group's five-year plan to build a truly modern, customer-focused and competitive global airline business.

Qantas CEO Alan Joyce said Qantas had built an extensive and world-class lounge network across Australia and overseas, providing unrivalled comfort for Qantas Frequent Flyers.

"Qantas will construct a new First Lounge and Business Lounge in Los Angeles, three times the size of the current space, as well as new First Lounges in Singapore and Hong Kong," Mr Joyce said.

Over the past five years Qantas has opened new First Lounges in Sydney and Melbourne, a new business lounge in Hong Kong and upgraded its business lounges in Sydney, Melbourne, Canberra and Perth. Qantas has also upgraded its shared First and Business lounge in Bangkok and Narita.

Mr Joyce said since the introduction of the A380 in October 2008, customer satisfaction levels have increased significantly and now the aim is to ensure consistent excellence across the fleet and lounge network.

"In February last year, Qantas announced a \$250 million upgrade for nine Boeing 747-400s to meet the changing demands of the airline's international customers. The first reconfigured B747 will commence services between Brisbane and Los Angeles in October, operating three return services per week."

The remaining eight Boeing 747s with new product will be introduced over the next 12 months across the international network, offering customers Business (including the fully flat Skybed), Premium Economy and Economy cabins, and on-demand Panasonic IFE with over 1000 entertainment options in every seat.

Each of the aircraft will be fitted with 364 seats: 58 Business, 36 Premium Economy and 270 Economy. The seats in all three cabins have won awards for their design and comfort, including the 2009 Australian International Design Award for the Economy seat. All these aircraft offer the latest in comfort and design, with Panasonic on-demand inflight entertainment in every seat.

The reconfigured B747s will add further consistency to Qantas' fleet renewal program. Seven new B737-800s are now operating on trans-Tasman routes with an eighth to arrive this week.

For the domestic network, Qantas has a total order of 24 B737-800s, offering customers the latest in comfort and design and Panasonic on-demand inflight entertainment in every seat. Eighteen of these new aircraft will feature the new Boeing Sky Interior, the first of which is set to arrive in October this year. Four new A330s with the best in premium product are also currently operating domestically.

Qantas has also invested \$200 million to improve the airport experience, upgrading domestic lounges and introducing its award-winning smarter, faster check-in technology across Australia. Stage one of the international roll-out of the technology will soon be available for passengers travelling to New Zealand – bringing trans-Tasman services closer to the convenience of a domestic flight.

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