

General Counsel
Brett Johnson



10 September 2004

Mr Tim Grimwade
General Manager - Adjudication
Australian Competition and Consumer Commission
470 Northbourne Avenue
Dickson ACT 2602

Dear Mr Grimwade

Application for Re-authorisation of Joint Services Agreement (JSA)

I refer to our discussion on Wednesday regarding BA's disposal of its 18.25% shareholding in Qantas. As you know, this sale has been completed and we understand that the shares are to be widely distributed to Australian and international investors.

As confirmed by Qantas' Chief Executive Officer in the attached Media Release, neither Qantas nor BA consider that BA's shareholding in Qantas is necessary for the continuation of the close commercial relationship between the airlines. As such, the JSA will continue and we request that the ACCC progress our Application for Authorisation.

If you have any further questions please do not hesitate to contact me.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Brett Johnson', is located below the 'Yours sincerely' text.

Brett Johnson
General Counsel

copy: Sharon Henrick - Mallesons



Media Release

QANTAS TRADING HALT

LONDON, 8 September 2004: Qantas Airways Limited said today that it had asked the Australian Stock Exchange for a 48 hour trading halt after being informed by British Airways of its intention to sell its 18.25 per cent shareholding in Qantas.

The Chief Executive Officer of Qantas, Geoff Dixon, said Qantas fully understood British Airways' decision to sell its stake in the airline.

Mr Dixon said the sale would have no effect on the commercial operation of Qantas.

"British Airways has been a supportive shareholder over a period of some ten years and both airlines have formed a strong and constructive commercial relationship," Mr Dixon said.

"Neither airline now believes the shareholding is necessary for the ongoing conduct of that relationship.

"To this extent the Joint Services Agreement that provides for joint schedules, sales and operations between Australia, South East Asia, the United Kingdom and Europe will continue, as will other forms of cooperation."

Mr Dixon said British Airways had stated the sale would strengthen its balance sheet and place British Airways in a robust position for any future European consolidation.

He said Qantas had also stated publicly for some time that the airline industry was headed towards consolidation.

"The 'tyranny of distance' between Australia and the United Kingdom rules out such consolidation, but not cooperation, between Qantas and British Airways.

"We will, however, seek to further strengthen our commercial position to enable us to take a leading role in any suitable consolidation opportunities that may arise in the Asia Pacific region."

**Issued by Qantas Corporate Communication (Q3146)
Media Enquiries: Michael Sharp - Telephone 02 9691 3469**

Qantas Airways Limited *ABN 16 009 661 901*

Further information and media releases can be found at the Qantas internet website: www.qantas.com.au