



Investment Update

for March 2007 Quarter



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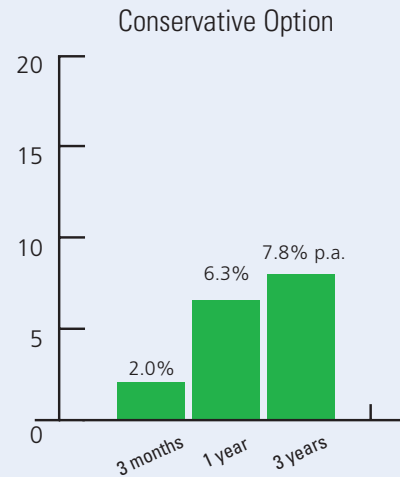
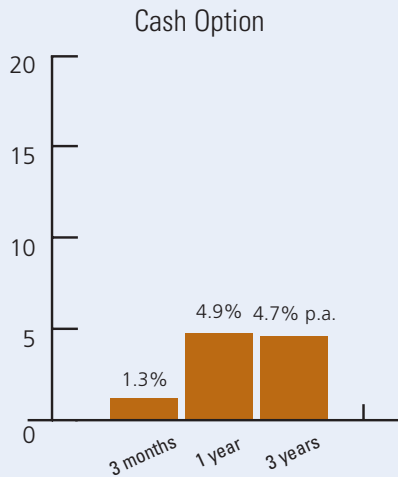
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INVESTMENT UPDATE

For the 3 months to 31 March 2007

Credited interest rates



Note: The Credited Interest Rates shown in the above graphs are the actual rates credited since Investment Choice was introduced from 1 April 2005. Prior to that, the rates are simulations only, based on index returns for the assets contained in each investment option. **Investment returns can go up or down. Past performance and simulations of this type may not be a reliable indicator of future performance.**

Market update

Recent performance by the Plan's asset sectors (before tax) were as follows:

Asset Class	Quarter	Year	3 Years (p.a.)
Australian Equities	▼ 7.2%	24.5%	28.0%
International Shares	▼ 0.7%	8.0%	15.8%
Direct Property	▼ 3.6%	17.2%	13.8%
Listed Property	▼ 5.7%	33.0%	25.1%
Private Capital	▼ 2.2%	10.0%	17.7%
Hedge Funds	▲ 2.3%	3.3%	n/a
Emerging Markets and High Yield Debt	▼ 2.0%	10.6%	n/a
Australian Fixed Interest	▲ 1.4%	3.8%	5.4%
Australian Indexed Bonds	▲ 1.7%	4.2%	6.3%
International Fixed Interest	▲ 1.4%	5.0%	5.9%
Cash	▲ 1.6%	5.9%	5.4%

Investment performance was again strong in the March quarter, despite being lower across a number of asset classes when compared to last quarter. Strong investment performance has consistently occurred for many quarters in the last three years. For the entire Plan in aggregate, the net performance to 31 March 2007 was:

- 3.0% for the quarter;
- 11.5% for the 12 months;
- 15.3% p.a. for the 3 years.

Credited Interest Rates (CIR's)

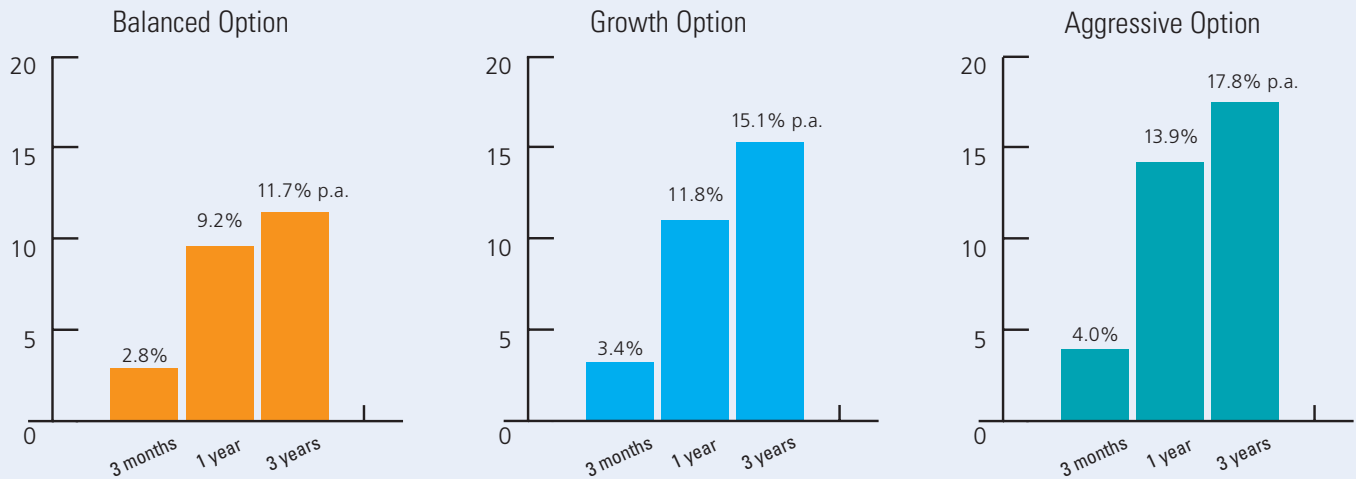
The CIR's since 1 July 2006 have been:

Quarter ending	Cash Option	Conservative Option	Balanced Option	Growth Option	Aggressive Option	Division 9 members
30 Sep 06	1.15%	2.77%	3.11%	3.43%	3.67%	3.92%
31 Dec 06	1.19%	1.78%	3.65%	5.23%	6.46%	5.87%
31 Mar 07	1.31%	1.99%	2.77%	3.44%	3.96%	3.93%

The CIR's for the quarter to 31 March 2007 include the Investment Fluctuation Reserve distribution, which is described on the next page.

Important note

The items in this newsletter have been provided for information only. Any decisions you may make on any of these matters should have regard for your personal circumstances and tax position, and we strongly recommend you seek financial planning advice to assist you making decisions about your options in the Plan.



Investment Fluctuation Reserve (IFR) Distribution

Credited Interest Rates (CIRs) are declared by the Trustee each quarter. When determining CIRs the Trustee aims, as far as practical, to credit the actual investment returns achieved by the Plan.

The Trustee maintains an Investment Fluctuation Reserve (IFR). Over time, the IFR captures any deviations between the actual earnings of the Plan investments and the amounts credited to members. Because the CIRs are expected to be very close to the actual returns each quarter, any deviations are expected to be small.

Over the past year a more substantial IFR has emerged. This IFR arose from an investment strategy transition, when investments were held in Australian shares prior to being progressively invested in emerging markets and high yield debt. As the investments in Australian shares outperformed the returns of the emerging markets and high yield debt over the period, excess earnings accumulated in the IFR.

At the Trustee meeting of 22 February 2007, the Trustee resolved that the IFR should be fairly distributed between accumulation members and the assets backing the defined benefit liabilities.

Accordingly, the CIR for the March quarter was increased by the following amounts to reflect this IFR distribution (these amounts are included in the CIRs shown on the prior page):

	Cash	Conservative	Balanced	Growth	Aggressive
IFR Distribution	0.0%	0.21%	0.44%	0.64%	0.80%

The highest distribution was made to the Aggressive Option, as it had the highest proportion of return seeking assets (which were impacted by the transition).

For members in Division 9, the increase was 0.75%.

The Interim CIR for March was also adjusted, so that members who left the Plan before the CIR was applied also shared in this distribution.

Looking forward, the Trustee will continue to monitor the IFR on an annual basis, and may distribute any amounts that arise, either positive or negative.

New Investment Policy Statement

The Trustee approved a new Investment Policy Statement (IPS), which now includes information about the approach for distributing the IFR as described above and also includes the changes to allow for Member Investment Choice (MIC) in Division 9. A copy of the new IPS is contained on the Plan's website.



Budget changes

All of the 2006 budget changes to superannuation will soon come into effect. Early details of the 1 July 2007 changes were provided in the special information brochure distributed to members in May 2006. A new brochure has been prepared to describe these changes (including details released by the Government since then) which has been included with this newsletter.

We encourage all members to read this brochure carefully to consider how the changes might effect you and to seek financial assistance and advice in regard to these changes.

Improvements to Division 9

Division 9 provides members aged 55 or more the opportunity to leave monies in the Plan when they cease employment and to receive their benefits as an income stream.

From 1 July 2007, the flexibility of the amounts which can be received each year have increased significantly (and for members aged over 60 will be tax free). This flexibility will be available to all current Division 9 members, as well as any other members who join Division 9 in the future.

The Trustee has also made other improvements to Division 9 to make this Division more flexible for members:

- Division 9 will now be renamed "Flexible Income Stream" Division;
- Member investment choice will be extended to Division 9;
- The monthly pension amounts can be varied during the year, provided they meet the minimum requirements;
- The maximum monthly pension requirement has been removed, and members may take all of their account balance as income if they choose; and
- Unlimited lump sum payments can be made (previously only 4 per year) provided they meet the minimum lump sum amount of \$1,000 (previously \$3,000).

There will be no increase in the administration fees, and Division 9 members will still have access to the favorable tax treatment in investment returns for their assets. More details about these changes will be provided to current Division 9 members. Members can view an updated Product Disclosure Statement for Division 9 on the Plan's website.

Administration changes

From 1 May 2007 the administration services for the Plan will transfer from Qantas Airways Limited to Russell Employee Benefits.

This transfer of services largely relates to back office functions such as record keeping, benefit processing and some communications production. Member services will also be transferred, and members will be able to ask questions through the call centre for Plan members.

Contact details are largely unchanged but for your records are:

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