



2009 Annual Report

Qantas Superannuation Plan





2008/2009 Message from the Chairman

I am pleased to present this annual report to members after a most challenging year for superannuation. The Qantas Superannuation Plan ('the Plan') has fared relatively well during the sharp declines in investment markets. Our strong governance processes and the diligent work by the team have positioned us well looking forward.

The prime focus for the Trustee during 2008/2009 has been:

- ▶ Maintaining our focus on prudent investment management throughout the year, including a full review of the Plan's investment strategy;
- ▶ Ensuring the Plan remains in a healthy financial position;
- ▶ Increasing our focus on member services, through the establishment of the Member Services Committee; and
- ▶ Retaining a clear focus on risk management practices.

Investment Performance

Following the emergence of the credit crisis early in 2008 and the negative investment returns last year, most of the major developed economies moved into recession during 2008/2009. Although the Australian economy has performed comparatively well, the declines in GDP growth had a major impact on investment performance during the first half of the financial year.

As the global recession moved towards the bottom of the cycle and credit began to be available in the financial markets again, the rise in business and investment confidence led to a strong rally towards the end of the financial year.

The quarterly returns for our Growth Option illustrates the trend in investment returns quite well as shown in the table below.

Sep 08	-3.20%
Dec 08	-11.24%
Mar 09	-2.59%
Jun 09	+5.99%

Throughout the year the Trustee undertook a number of very important steps.

1. We maintained our focus on our long term objectives and avoided the temptation to exit from underperforming asset classes (and risk missing the subsequent recovery in these markets);
2. We sought to reduce our expenses where possible;
3. We were very focused in our monitoring of Plan performance, and were pleased to observe that a number of our formal monitoring triggers provided early identification of the emerging trends;
4. Together with the Plan's Actuary, we monitored the overall financial position of the Plan closely and led the establishment of an additional funding plan with the Company; and
5. Throughout the period we sought to keep members informed with regular updates of returns and other relevant information. Greater engagement with our members will be a key area of focus for the next few years.

Overall, when compared to our peers, our long-term investment performance remains in the top quartile.

Whilst we recognise that the absolute investment performance is concerning to members, we have sought to adhere to our long term investment strategy and believe we achieved this well during the year.

At the same time, we undertook a full review of the investment strategy for the Member Investment Choice (MIC) Options for members as well as the assets backing the defined benefit liabilities. The outcomes of this review were communicated to members, and the website also contains this information. Importantly, this review has reinforced the importance of maintaining a long term view of investments, and being aware of the potential variability that can occur along the way.

Maintaining a healthy financial position

Maintaining a healthy financial position has always been one of our major priorities. With the decline in investment returns the financial position of the Plan has weakened and we have been extra diligent in monitoring the Plan's finances. The Plan's Actuary has been providing us with regular updates as to the financial position and monitoring the 'trigger events' which were established to alert the Trustee to changes in the financial position.

During March 2009, when investment markets were at their weakest, the Actuary recommended an additional funding plan be introduced to provide additional security for member benefits. On 2 April 2009 the Trustee and the Company both agreed to this additional funding plan and as a result, the Company will make additional contributions of up to \$66m over the next three years.

Although this new funding plan is in place, we will continue to monitor the financial position closely and adjust the additional contributions as appropriate.

Member Service Initiatives

As Trustee, we are always looking to ensure our features and services are focused on meeting your needs. To enhance our efforts in this area, we established a Member Services Committee to solely focus on improving features and services for members.

The Committee has begun considering ways that member services can be improved, including the services for members who have left the Company but remain with the Plan.

Some recent initiatives include:

- ▶ The introduction of a Transition to Retirement Pension in December 2008;
- ▶ The establishment of a concessional contributions calculator on the website for members;
- ▶ An increase in the number of special newsletters for members covering budget changes, the calculation of concessional contributions, the transfers to Division 6 and the changes to the investment strategies;
- ▶ The distribution of member statements much earlier than in recent years (with plans for further improvements next year); and
- ▶ A secure member's area of the website for members of Division 9 and Division 14.

I am excited by the range of initiatives currently being considered by this Committee and expect members to continue to benefit from these in the future.



Current Trustee Directors

Retaining a safe, well managed Plan

The Australian Prudential Regulation Authority's (APRA) annual prudential review of Qantas Superannuation Limited (Trustee) and the Plan (conducted in May 2009) resulted in an unchanged overall assessment rating, and no significant areas of concern with either the Trustee or the Plan. All material observations and recommendations made by APRA had already been identified by the Trustee and are being implemented as part of the 2009 Business Plan.

The Trustee has endorsed a framework for the review of all of the Trustee's policies and has assured itself that it has a complete set of appropriate policies. Key ongoing projects focus on the review and updating of all operating processes and procedures with an emphasis on reporting both internal and external and the Trustee's dispute resolution processes.

Regular liaison with regulators and the Company occur at the highest levels including regular written reporting to the Company.

Directors of the Trustee

During the year, Kevin Brown and Graeme Potger stepped down as Directors and we thank both of them for their hard work and contribution to the Plan. We welcomed as new Directors Jon Scriven, Kevin Fletcher and Craig Pagden.

Looking back, I am proud that the Trustee and Executive Team has operated in a dedicated and professional manner throughout a very challenging year, and I remain confident that the Plan is very well positioned to benefit members long into the future.

Anne Ward
Chair of Trustee

Company-appointed Directors



Ms Anne Ward
Chairman,
Qantas
Superannuation
Limited



Mr Jon Scriven
Group Executive
People



Mr Steven Fouracre
Group Treasurer



Mr Kevin Fletcher
Executive Manager
Finance



General Peter Cosgrove, AC, MC
Director of Qantas
Airways Limited

Member-elected Directors



Mr Mark Thorpe
Technical Aircrew
(Group A)



Mr Craig Pagden
Flight Attendants
(Group B)



Mr John Sipek
Aircraft Industry
Unions
(Group C)



Mr Kash Gillies
LAME, TWU, Airline
Officers' Award
(Levels 1-4)
& Nurses (Group D)



Ms Stacey Brown
Airline Officers'
Award (Levels 5-9),
SPGs, Professional
Engineers and
Executives (Group E)





2008/2009 Highlights of the Year

Investment Return -10.52% for 2008/2009

The Plan earned -10.52% on all of the Plan assets in aggregate after deductions for income tax and investment fees over the year to 30 June 2009.

Credited Interest Rate -11.29% for Growth Option

For members in the Growth Option (over the entire year) your accounts were credited with -11.29% for the year ended 30 June 2009.

Credited Interest Rates for members who elected other options are shown on page 16.

For members in Division 9 - Flexible Income Stream and Division 14 - Transition to Retirement the credited interest rate for the Growth Option was -12.49% for the full year to 30 June 2009.

Credited Interest Rate over five years 4.91% p.a. (average)

The average compound rate of interest credited to members' accounts over the past five years was 4.91% p.a. for members in the Growth Option from 1 April 2005. This compares to an average rate of inflation over the same period of 2.9% p.a.

New Trustee Directors

There are new Trustee Directors:

Craig Pagden, Flight Attendants (Group B);

Kevin Fletcher (Executive Manager Finance); and

Jon Scriven (Group Executive People).

Kevin Brown and Graeme Potger resigned as Trustee Directors during the year.

Size of the Plan \$5.06 billion

The net market value of the Plan's assets was \$5.06 billion at 30 June 2009, down from \$5.76 billion at 30 June 2008.

Membership 32,833 members at 30 June 2009

During the year 3,554 members joined and 2,984 members departed.

Company Contributions \$332.6 million

Qantas Airways Limited (the Company) and associated employers contributed \$332.6 million towards members' super during the year. This included salary sacrifice contributions made by members.





About the Plan

Net assets (\$ billion)



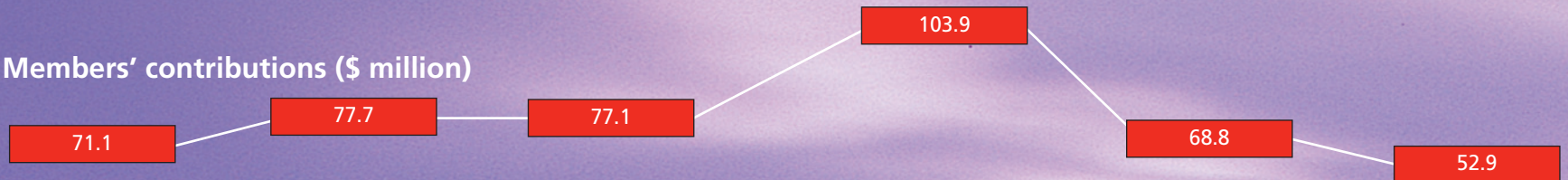
Credited Interest Rate (%)



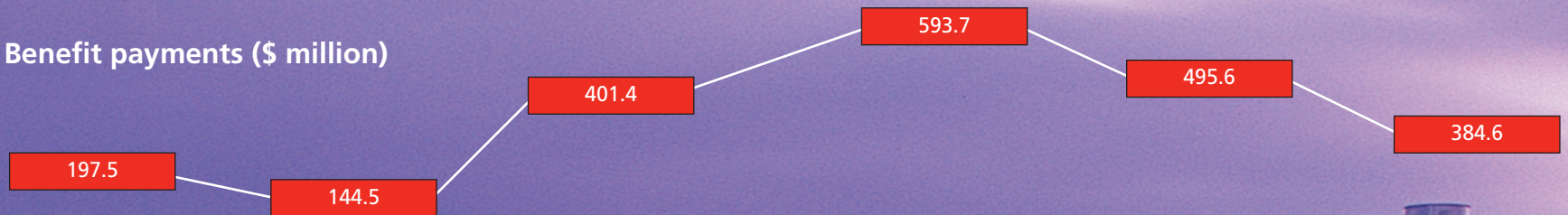
Company contributions (\$ million)



Members' contributions (\$ million)



Benefit payments (\$ million)



Total membership



2004

2005

2006

2007

2008

2009

* For members in the Growth Option over that year



QANTAS DOMESTIC



Financial Position

Funding for defined benefits

Some Plan members are entitled to defined benefits. These benefits are generally calculated by reference to superannuation salary (Final Average Salary) and length of service.

Accordingly, these benefits are not directly impacted by investment returns, and do not move up or down as the investment returns vary.

Over time, the Company makes contributions which are sufficient to meet these defined benefits. The structure of the defined benefits and the funding of those benefits has been designed to take account of the risk that there will be times when assets are higher relative to the defined benefits and lower relative to those benefits. This relationship is monitored by the Trustee and the Plan's Actuary, who makes recommendations as to changes to the rates of contribution when appropriate.

Following the recent downturn in the investment markets, a revised funding plan for the defined benefit divisions of the Plan has been implemented to reflect the adverse performance of financial markets over recent months. Both the Trustee and Company have agreed to this funding plan and the associated monitoring program.

In addition to current contributions, further payments totaling \$66 million will be made by the Company over the next three years. This agreement reinforces the ongoing support of superannuation arrangements by the Company.

Confirmation of the new funding plan has also been provided to APRA, the regulator for superannuation.

The Trustee assures members that the Plan remains strong, despite the challenging economic environment. Member benefits continue to be met and the Trustee maintains its focus on managing the Plan over the long term for the benefit of all members.

Accounts

Abridged statement of changes in net assets (\$ million)	2008/2009	2007/2008
Plan at the start of the year	5,756.8	6,312.3
PLUS		
Company contributions	332.6	283.2
Member contributions	52.9	68.8
Government co-contributions	3.0	4.0
Transfers from other plans	24.4	27.7
Investment and other income	-729.9	-467.8
LESS		
Benefits	384.6	495.6
Administration expenses	8.9	8.8
Superannuation surcharge	-0.2	-0.9
Investment expenses	14.5	18.3
Income tax	-26.7	-50.4
Plan at the end of the year	5,058.7	5,756.8
Abridged statement of net assets (\$ million)	30 June 2009	30 June 2008
Investments	4,993.7	5,806.4
PLUS		
Other assets	150.4	57.6
LESS		
Liabilities	85.4	107.2
Net assets available to pay benefits	5,058.7	5,756.8





The Plan's Investments

Investment Objectives and Strategy

The Trustee manages its investments by reference to its investment objectives and its investment strategies.

The Trustee's guiding principles for the Plan's assets (including any reserves) are:

- ▶ To invest assets consistent with the Trust Deed and law;
- ▶ To prudently manage risk, including adequate diversity and appropriate levels of liquidity; and
- ▶ To ensure that any delegated investment decisions are appropriately made, with accountability back to the Trustee.

Specific investment objectives and strategies apply for each Member Investment Choice Option and the assets backing the defined benefit liabilities to reflect their different characteristics.

A summary of the investment strategy for each Member Investment Choice Option is contained on pages 17 and 18.

For the assets backing the defined benefit liabilities, the investment objectives are to:

- ▶ Achieve a net return that exceeds CPI by at least 4% pa over a 5 year period after taxes and investment fees; and
- ▶ Limit the likelihood of a negative return to 4 years in 20 (20%).

As at 30 June 2009 the strategic asset allocation for the assets backing the defined benefit liabilities was the same as the Growth Option, as shown on pages 17 and 18.

A description of the investment objectives and strategies is contained in the new Plan Investment Summary. This Summary provides members with information on the Plan's investment in plain english.

Strategic Investment Review

Over the year, the Trustee has reviewed the Plan's investment matters to ensure that they remain appropriate for the ongoing circumstances of the Plan. This strategic review included:

- ▶ The investment philosophy of the Plan;
- ▶ Investment governance and delegations;
- ▶ The Plan's investment strategies and objectives;
- ▶ Portfolio construction of the Plan's investments; and
- ▶ Investment managers and mandates.

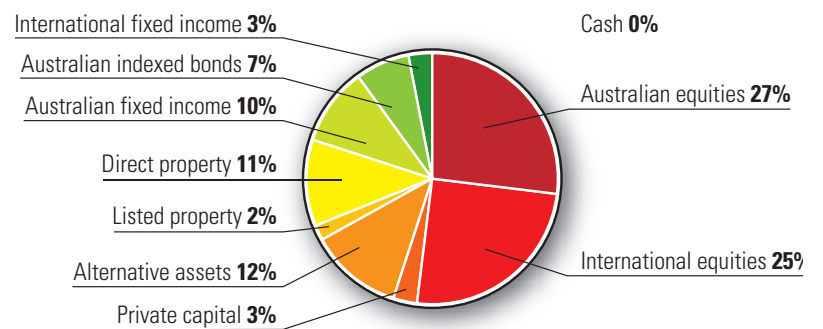
As a result of these reviews, the Trustee implemented new strategic asset allocations for the Plan's Member Investment Choice Options and Defined Benefit assets in early October 2009. There are now five broad asset class classifications:

- ▶ Australian Equities;
- ▶ International Equities;
- ▶ Return Seeking Alternative assets (such as private equity and more return-seeking property and hedge funds);
- ▶ Risk Diversifying Alternative assets (including lower risk, more diversifying property and hedge funds); and
- ▶ Fixed Interest and Cash.

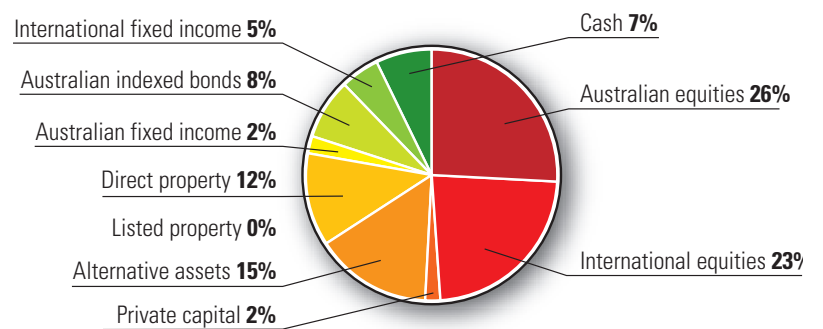
The review and implementation of the Plan's alternative assets is ongoing.

For the Plan as a whole, the investments were as follows:

Asset allocation at 30 June 2008



Asset allocation at 30 June 2009



The asset allocations shown above are the effective asset allocations taking into account the underlying assets of the investment-linked insurance policies and the tactical asset allocation overlays of the Plan. Alternate assets include hedge funds and emerging market bonds.



The Plan's Investment Managers

Changes to Investment Managers

The Trustee continually monitors and reviews the appropriateness of the Plan's investment managers in relation to the Plan's objectives and strategies. To ensure that the Plan's investments are suitable given recent market events and the medium term market outlook, the Trustee conducted a complete review of Australian equities, International equities and Fixed Interest and Cash investment managers over the last 12 months.

These reviews have resulted in the termination and replacement of a number of managers. In the Australian equities portfolio, investments with Adam Smith, Constellation, JF Capital Partners, Lazard, and Schroders were replaced with investments with Macquarie and Vanguard. International equities managers Alliance Bernstein, Morgan Stanley, Trilogy and State Street were replaced with Altrinsic, IronBridge, Realindex and Vanguard. In Fixed Interest and Cash, Aberdeen was terminated and Vianova was appointed and active and passive Australian fixed interest and passive global fixed interest assets managed by QIC were restructured into new global fixed interest and credit mandates managed by QIC.

A major review of the Plan's alternative assets is continuing. Over the last year, terminated managers include Loomis Sayles and PIMCO in high yield and emerging market debt, Invernica and DUET in private capital and Tactical Global Management in hedge funds. Also, a BT global hedge fund-of-funds sub-managed by Grosvenor product is currently being wound up and a redemption request for the AMP core property fund has been made.

Appointments included Macquarie for its Australian residential backed mortgage strategy, Standish Mellon for a global credit mandate and K2 Advisors for a diversity mandate.

Investment Manager Constraints

The Investment Policy Statement imposes a number of constraints on the Plan's investments. In relation to these:

- ▶ No more than 20% of the Plan's assets were invested with any single external investment manager;
- ▶ No derivatives were used directly by the Trustee. Although investment managers are permitted to use futures, options and other derivative instruments, they are not permitted to be used to gear the portfolio;
- ▶ The derivative charge ratio was less than 5%;
- ▶ The largest holding in any one asset or security was less than 10%;
- ▶ The Plan invests with a number of investment managers through its direct property and private capital portfolios. Investment managers that manage more than 5% of the Plan's assets are shown on page 14;
- ▶ With the exception of Constellation Capital Management Ltd., none of the Plan's investment managers had any financial relationship with the Trustee or with Qantas Airways Limited, other than as investment managers of the Plan. Constellation was terminated as a manager for the Plan in September 2008;

- ▶ The Plan has an equity stake with Constellation which dates back to the establishment of this business in 1999. Decisions to have monies managed by Constellation were made independently of the decisions to invest in its equity, and as with all investment managers, their performance was reviewed on an independent and regular basis. In September 2009, the Plan announced its decision to sell its

equity stake in Constellation. The sale of this stake in Constellation is ongoing; and

- ▶ As at 30 June 2009, the Plan had approximately \$6m (at market value) invested in Qantas Airways Limited (QAL) including QAL shares and QAL corporate bonds via the investments managed by its investment managers.

Details of the investment managers used to manage the investments at 30 June 2009 are contained in the following table:

Investment managers as at 30 June 2009	\$ million	%
Aberdeen Asset Management	177.2	3.5%
Acorn Capital	63.7	1.3%
Altrinsic Global Advisors	147.6	3.0%
Grosvenor Capital Management	90.1	1.8%
Challenger Financial Services	193.4	3.9%
Cooper Investors	182.7	3.7%
Independent Asset Management	174.1	3.5%
IronBridge Capital	144.5	2.9%
Lazard Asset Management (Pacific)	231.6	4.6%
Loomis Sayles & Company*	81.0	1.6%
Macquarie Funds Group	544.5	10.9%
PIMCO Australia	209.8	4.2%
Private capital portfolio	110.3	2.2%
Property portfolio	582.8	11.7%
Queensland Investment Corporation	636.4	12.7%
State Street Global Advisors*	157.9	3.2%
Tactical Global Management	90.7	1.8%
Vanguard Investments Australia	421.2	8.4%
Vianova Asset Management	99.5	2.0%
NAB Asset Servicing - Cash account	595.2	11.9%
Transition portfolio	59.5	1.2%
Total	4,993.7	100.0

* These managers have since been terminated



Interest Credited to Member Accounts

Credited Interest Rates (CIRs)

CIRs are the positive or negative earning rates applied to your accounts net of investment managers’ fees and other investment expenses. These are determined by the Trustee, and are calculated and published monthly.

The CIR will reflect the Member Investment Choice option your accounts are invested in. The CIRs are net of investment tax for most Divisions other than for Divisions 9 and 14 where they are gross of investment tax.

Interim CIRs are used to calculate account balances at other dates, and are determined by the Trustee monthly. The Interim CIRs are also used to determine final payment amount should you cease to be a member during the month.

It is important that you know that the CIRs can be negative. This means that it is possible for the benefits you receive to be less than the contributions and transfers you and the Company make to your account.

A history of the Credited Interest Rates for the Growth Option over the last 5 years is shown in the following table.

	Credited Interest Rate % p.a.	CPI % p.a.
2008/2009	-11.3	1.5
2007/2008	-6.0	4.5
2006/2007	15.9	2.1
2005/2006	14.7	4.0
2004/2005	14.5	2.5
3 year average**	-1.1	2.7
5 year average**	4.9	2.9

** Compound to 30 June 2009.

The Credited Interest Rate assumes that the Growth Option applied since inception (from 1 April 2005 to 30 June 2009), and prior to that actual Plan Credited Interest Rates applied.

Member Investment Choice (MIC)

In 2008/2009, most members of the Plan were eligible for MIC, which allowed them to select their preferred investment strategy to apply to their accumulation account balances. The Divisions where MIC was not available to members in 2008/2009 were Divisions 1, 4, or 12, or members in Division 2 with defined benefit guarantees resulting from prior membership of Australian Airlines plans. These Division 2 members may be eligible for MIC if they forgo their defined benefit guarantees.

Switches between MIC Options are available on a monthly basis.

The default option is the Growth Option.

For members other than Division 9 and Division 14 members, the monthly CIRs (%) are shown in the following table.

Month ending	Cash Option	Conservative Option	Balanced Option	Growth Option	Aggressive Option
July 2008	0.59%	0.57%	-0.10%	-0.64%	-1.05%
August 2008	0.43%	1.73%	1.97%	2.10%	2.16%
September 2008	0.48%	-1.95%	-3.39%	-4.58%	5.46%
October 2008	0.45%	-3.15%	-5.23%	-7.06%	-8.57%
November 2008	0.40%	-0.87%	-2.88%	-4.56%	-5.91%
December 2008	0.30%	1.01%	0.52%	0.07%	-0.29%
January 2009	0.31%	0.42%	-0.49%	-1.31%	-1.94%
February 2009	0.30%	-1.93%	-3.05%	-3.91%	-4.50%
March 2009	0.17%	1.38%	2.12%	2.72%	3.14%
April 2009	0.22%	1.15%	2.36%	3.39%	4.13%
May 2009	0.21%	0.50%	1.05%	1.55%	1.92%
June 2009	0.21%	0.67%	0.85%	0.95%	1.04%
2008/2009 year*	4.15%	-0.60%	-6.42%	-11.29%	-15.09%

* This represents the compound return achieved for a member invested in that option for the full year.

For members in Division 9 and Division 14 members, the monthly CIRs (%) are shown in the following table.

Month ending	Cash Option	Conservative Option	Balanced Option	Growth Option	Aggressive Option
July 2008	0.69%	0.70%	-0.07%	-0.68%	-9.13%
August 2008	0.51%	2.00%	2.24%	2.36%	-1.15%
September 2008	0.57%	-2.20%	-3.80%	-5.11%	2.42%
October 2008	0.53%	-3.59%	-5.89%	-7.96%	-6.09%
November 2008	0.47%	-0.92%	-3.20%	-5.10%	-9.66%
December 2008	0.36%	1.19%	0.62%	0.09%	-6.61%
January 2009	0.35%	0.53%	-0.51%	-1.43%	-0.33%
February 2009	0.36%	-2.20%	-3.43%	-4.38%	-2.17%
March 2009	0.20%	1.59%	2.42%	3.08%	-5.01%
April 2009	0.26%	1.29%	2.65%	3.82%	3.56%
May 2009	0.25%	0.56%	1.19%	1.77%	4.65%
June 2009	0.24%	0.79%	0.98%	1.08%	2.18%
2008/2009 year*	4.90%	-0.43%	-7.01%	-12.49%	1.18%

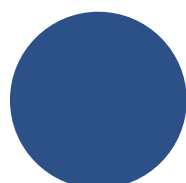
* Compound annual return.



About the MIC Options

A review of the Plan Investments was completed during 2008/2009, and implemented from early October 2009. The information below relates to the MIC options from early October 2009.

Cash Option



100% Risk controlling assets
 100% Fixed Interest and Cash

Objectives

- ▶ To achieve a return that exceeds CPI by at least 1.5% p.a. over a 12 month period, after tax and investment fees.
- ▶ To outperform the notional return on the benchmark portfolio.
- ▶ To never achieve a negative annual return.

Characteristics

By investing in cash and the short-term money market, the Cash Option provides access to stable, but usually low, returns. As a result, the risk of negative returns is negligible.

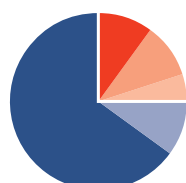
Investment Fees

The returns credited to accounts invested in the Cash Option are net of tax* and actual investment costs.
 For the Cash Option the investment costs are estimated to be approximately 0.10% of assets.

Returns¹

The investment return for the Cash Option was 4.15% for the 12 months to 30 June 2009. The average rate of net earnings since inception on 1 April 2005 to 30 June 2009 was 4.88% p.a.

Conservative Option



25% Return seeking assets
 10% Australian Equities
 10% International Equities
 5% Return Seeking Alternatives
75% Risk controlling assets
 10% Risk Diversifying Alternatives
 65% Fixed Interest and Cash

Objectives

- ▶ To achieve a return that exceeds CPI by at least 3.0% p.a. over a 3 year period, after tax and investment fees.
- ▶ To outperform the notional return on the benchmark portfolio.
- ▶ To limit the likelihood of a negative annual return to 1 year in 20 (or 5%).

Characteristics

A large proportion of the Conservative Option is invested in risk controlling assets, resulting in stable, modest returns, with a relatively low likelihood of negative returns. The small allocation to return seeking assets provides some growth opportunities.

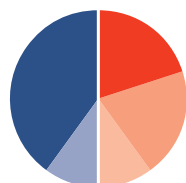
Investment Fees

The returns credited to accounts invested in the Conservative Option are net of tax* and actual investment costs.
 For the Conservative Option the investment costs are estimated to be approximately 0.25% of assets.

Returns¹

The investment return for the Conservative Option was -0.60% for the 12 months to 30 June 2009. The average rate of net earnings since inception on 1 April 2005 to 30 June 2009 was 3.99% p.a.

Balanced Option



50% Return seeking assets
 20% Australian Equities
 20% International Equities
 10% Return Seeking Alternatives
50% Risk controlling assets
 10% Risk Diversifying Alternatives
 40% Fixed Interest and Cash

Objectives

- ▶ To achieve a return that exceeds CPI by at least 3.5% p.a. over a 5 year period, after tax and investment fees.
- ▶ To outperform the notional return on the benchmark portfolio.
- ▶ To limit the likelihood of a negative annual return to 3 years in 20 (or 15%).

Characteristics

The Balanced Option provides a mix of asset classes, combining the growth features of the return seeking assets with the stability of the risk controlling assets.

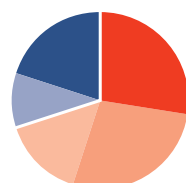
Investment Fees

The returns credited to accounts invested in the Balanced Option are net of tax* and actual investment costs.
 For the Balanced Option the investment costs are estimated to be approximately 0.40% of assets.

Returns¹

The investment return for the Balanced Option was -6.42% for the 12 months to 30 June 2009. The average rate of net earnings since inception on 1 April 2005 to 30 June 2009 was 3.75% p.a.

Growth Option



70% Return seeking assets
 27.5% Australian Equities
 27.5% International Equities
 15% Return Seeking Alternatives
30% Risk controlling assets
 10% Risk Diversifying Alternatives
 20% Fixed Interest and Cash

Objectives

- ▶ To achieve a return that exceeds CPI by at least 4.0% p.a. over a 5 year period, after tax and investment fees.
- ▶ To outperform the notional return on the benchmark portfolio.
- ▶ To limit the likelihood of a negative annual return to 4 years in 20 (or 20%).

Characteristics

The Growth Option is dominated by return seeking assets, although a small proportion of risk controlling assets are held. The characteristics of this option are similar to other growth orientated portfolios.

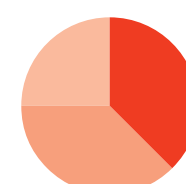
Investment Fees

The returns credited to accounts invested in the Growth Option are net of tax* and actual investment costs.
 For the Growth Option the investment costs are estimated to be approximately 0.50% of assets.

Returns¹

The investment return for the Growth Option was -11.29% for the 12 months to 30 June 2009. The average rate of net earnings over the past 5 years to 30 June 2009 was 4.91% p.a.

Aggressive Option



100% Return seeking assets
 37.5% Australian Equities
 37.5% International Equities
 25% Return Seeking Alternatives

Objectives

- ▶ To achieve a return that exceeds CPI by at least 4.5% p.a. over a 7 year period, after tax and investment fees.
- ▶ To outperform the notional return on the benchmark portfolio.
- ▶ To limit the likelihood of a negative annual return to 5 years in 20 (or 25%).

Characteristics

With all of the assets invested in return seeking assets, the Aggressive Option is expected to provide the highest level of returns in the long term. However this portfolio has the highest level of volatility and the likelihood of negative returns in any year is the highest.

Investment Fees

The returns credited to accounts invested in the Aggressive Option are net of tax* and actual investment costs.
 For the Aggressive Option the investment costs are estimated to be approximately 0.60% of assets.

Returns¹

The investment return for the Aggressive Option was -15.09% for the 12 months to 30 June 2009. The average rate of net earnings since inception on 1 April 2005 to 30 June 2009 was 2.92% p.a.

* Gross of tax for Division 9 and 14 members

¹ Different CIRs apply to Division 9 and Division 14 members. These are shown on page 16.

Past performance cannot be relied on as an indication of future returns.

The future performance of each investment option cannot be guaranteed, as investments can move up and down, sometimes sharply and without warning, over both short and long periods of time.



Market Investment Performance

The Year in Review

In Australia, the 2008/2009 financial year saw:

- ▶ The real economic growth rate contracted for the first time in eight years during the December 2008 quarter
- ▶ The Reserve Bank of Australia (RBA) cut interest rates from 7.25% to 3.00% over the year in response to the slowing economy
- ▶ Continued weak performance from Australian share markets following the sub-prime crisis.

Late in 2008 there were signs that the effects of the ongoing global credit crisis had started to impact the Australian economy. Figures for the quarter ending December 2008 showed that the economy had contracted for the first time in eight years, with real GDP recording a drop of 0.5% and unemployment hitting a three year high of 5.2%. In response, the government provided a significant fiscal stimulus injection in the first half of 2009, and the Reserve Bank of Australia cut interest rates from 7.25% to 3.00% over the year.

Overseas, the major advanced developed nations were suffering from the deepest recession since World War II. The US financial system saw the impact of significant events such as the collapse of Lehman Brothers, the merger between Bank of America and Merrill Lynch and the intervention of the US Government to provide support to American Insurance Group (AIG), Fannie Mae and Freddie Mac. The US experienced its sharpest quarterly GDP decline since 1982, with real GDP falling by 1.6% during the final three months of the 2008 calendar year.

With interest rates effectively near or at 0%, the US Government resorted to additional fiscal stimulus measures to help boost the world's largest economy. US unemployment increased to a 25 year high of 8.5%.

In Japan the economy was weak throughout the financial year resulting from poor capital expenditure, declining net exports and a softening labour market. However, towards the end of the financial year, the Chinese economy was showing signs that the government response to the global recession is beginning to have a positive impact, with a surge in spending on infrastructure projects and increased investment in fixed assets. During the same period, the European economic landscape experienced a significant reduction in real GDP with weakened confidence, business conditions and industrial production.

Although the Australian share market posted strong positive returns towards the end of the financial year, it still fell by 20.3%* to record one of its weakest performances in recent years.

The performance of global share markets also fell significantly in 2008/2009. The weakness was particularly evident in the financial sector.

The Australian dollar fell significantly against the US dollar and the Japanese yen in the first half of the financial year, but experienced some recovery over the second half of the financial year. Weaker returns on hedged international investments compared to unhedged investments for Australian investors resulted from these currency movements. The unhedged global share index returned -16.2%* for the year, while the return on hedged international equities was -28.4%*.

The Australian listed property market continued to suffer severe losses in 2008/2009. Excessive debt within the sector combined with a dysfunctional credit market forced asset write downs and profit downgrades. The index returned -42.1%* for the financial year. Unlisted property lagged the deep falls experienced by the Australian listed property market to date. That said, it is normal for unlisted markets to lag their listed counterparts, and significant falls in unlisted property assets are expected to occur in 2009/2010.

The Australian fixed interest market delivered a solid performance over the 2008/2009 financial year relative to equities, with multiple interest rate cuts favouring longer-term bonds during this period. The short term cash index posted a positive return of 5.5%* for the financial year and the longer term fixed interest market index returned 10.8%* for the financial year. International fixed interest markets underperformed the Australian fixed interest market but still posted a positive returns, with the market index (hedged to Australian dollars) returning 9.9%* for the year.

In the second half of 2008, forced liquidations from deleveraging as well as negative economic reports led to credit spreads widening to historical highs. This had a negative impact on investments with exposure to credit. However, towards the end of the year, broader market sentiment started to improve and the credit markets saw a recovery with the tightening of credit spreads.

Looking forward

Public policy around the globe has been very active in addressing the financial and economic effects of the credit crunch. This has been most noticeable after the deleveraging process accelerated in September 2008, as governments and central banks have committed large amounts of money to stabilising their economies. The implications for financial markets continue to be complex and wide ranging and there is still uncertainty as to how events will unfold and how investment returns will be affected as a result of this.

* Index returns, gross of tax and fees.

Service Providers



Trust Deed and Government Amendments

The Trustee has taken out professional indemnity insurance through Aon Professional Services to indemnify the Trustee Directors against insurable losses for which they are personally liable, to indemnify the Plan, and in some circumstances the Company where the Trustee is indemnified by the Company for such loss.

The Trustee appoints a number of service providers to assist in the management of the Plan. The key service providers are:

Administrator

Russell Employee Benefits

Master Custodian

NAB Asset Servicing (a division of National Australia Bank Limited)

Investment Managers

See page 14

Actuary

Mr Mark Thompson, BSc, FIAA,
Russell Investments

Trust Deed Changes

During the year to 30 June 2009, no changes were made to the Trust Deed. One change has been made since 1 July 2009:

- ▶ The definition of 'dependant' was changed to be aligned with the definition of 'dependant' in the relevant superannuation legislation.

Visit the Plan's website at www.qantassuper.com.au to view a copy of the Plan's Trust Deed and amendments.





Fees, Charges and Contributions

Administration Fees

For members of all Divisions except Divisions 1, 6, 7, 8, 9,10 and 14 no fees are deducted from members’ accounts.

For Division 1 members, fees are deducted from the Company Account based on contributions paid. For the year to 30 June 2009, the amount charged was 2.52% of Company contributions.

For Division 6, 7 and 10 members, administration fees (representing the share of the expenses attributable to each Division) are deducted from their accounts at 30 June or the date of termination. For the year to 30 June 2009 the amount deducted was 0.20% of superannuation salary for Division 6 and 7 members, and \$1 per week for Division 10 members.

For Division 8, 9 and 14 members, a fee is deducted from the average account balances each year. For the year to 30 June 2009 these fees were:

	Account Balance	Fee
First	\$250,000	1.00%
Plus next	\$250,000	0.50%
Plus next	\$250,000	0.25%
Plus amount above	\$750,000	0.15%

Insurance Premiums

For members of all Divisions except Division 1, 6 and 7, no premiums are deducted from members’ accounts.

For members of Divisions 1, 6, and 7, insurance premiums are deducted from their account at 30 June or the date of termination if earlier.

Investment Expenses and Tax

Investment expenses and tax on investment earnings are paid from the Plan’s investment income before the Crediting Interest Rates are determined.

Legislated contributions tax of 15% is deducted from all Concessional Contributions.

Management Expense Ratio (MER)

The MER for the entire Plan (which is an industry standard measure of all expenses as a percentage of total assets on a rolling 12 month average) was 0.68% for the year to 30 June 2009.

Contributions

Members are eligible to vary their voluntary Concessional and Non-Concessional Contributions at any time.

The caps applicable to Concessional and Non-Concessional Contributions are available on the website, www.qantassuper.com.au

Reserves

A number of reserves are held by the Plan to cover events such as abnormal mortality experience, foregone benefits and to account for any difference between actual Plan returns and amounts credited to the investment options. In aggregate these reserves were \$67.9 million at 30 June 2009 (\$86.1 million at 30 June 2008 and \$91.3 million at 30 June 2007).

Movements in these reserves are shown in the table below (\$’000).

The transfers during the year shown in the table below include those from general plan assets.

The Trustee’s investment strategy for these reserves are as per the Investment Objectives and Strategy as described on page 11.

Full details about these reserves are disclosed in the notes to the Plan accounts. A copy of the Plan accounts is available on the website, www.qantassuper.com.au.

Superannuation Surcharge Tax

Although Superannuation Surcharge ceased from 1 July 2005, some members may still have a Surcharge Offset Account balance.

There currently exists a facility allowing the Surcharge Offset Account to be offset by additional voluntary Non Concessional Contributions.

Members may reduce or eliminate their Surcharge Offset Account by making voluntary Non-Concessional Contributions to this account. Although surcharge has now been abolished, this facility will continue to apply.

When considering whether to make these (or any other) voluntary contributions, careful consideration should be given to your financial position and we strongly encourage you to seek appropriate financial planning advice.

	Investment Fluctuation Reserve	Disability Reserve	Forgone Benefits Reserve
Reserve 30 June 2006	37,556	52,237	1,821
Amounts allocated during year	(4,101)	(2,646)	(2,387)
Transfers during year	–	5,808	3,023
Reserve 30 June 2007	33,455	55,399	2,457
Reserve 30 June 2007	33,455	55,399	2,457
Amounts allocated during year	(33,455)	(2,762)	530
Transfers during year	25,530	9,959	(4,965)
Reserve 30 June 2008	25,530	62,596	(1,978)
Reserve 30 June 2008	25,530	62,596	(1,978)
Amounts allocated during year	(18,623)	(2,724)	767
Transfers during year	–	1,365	959
Reserve 30 June 2009	6,907	61,237	(252)

Complaints Procedure



Unpaid Benefits from the Plan

If you have a complaint, you can contact the Plan on 1300 654 384 or by email at info@qantassuper.com.au

The Plan has a formal Dispute Resolution Procedure to deal with inquiries or complaints. This is how it works.

1. Initial inquiries and complaints can be made to the Plan by calling 1300 654 384 or emailing at info@qantassuper.com.au.
2. If more information is required, the inquiry or complaint is forwarded to the Plan's Superannuation Inquiry Officer (SIO).
3. In exceptional circumstances, the SIO will take the inquiry or complaint to the Trustee for a decision or further advice. The Trustee aims to resolve all inquiries and complaints within 45 days.
4. If you are not satisfied with the outcome of your inquiry or complaint after you have followed the above procedure, it can be referred to the Superannuation Complaints Tribunal (SCT) or Financial Ombudsman Service (FOS).

The SCT is an independent body and can be contacted on:

Ph: 1300 780 808

Mail: Locked Bag 3060
GPO Melbourne VIC 3001

Web: www.sct.gov.au

The FOS is an external dispute resolution scheme established to assist resolving complaints relating to members, and can be contacted on

Ph: 1300 780 808

When you leave employment, we will advise you of your benefits in the Plan and your options.

You may elect to transfer your benefit to the Division 8 Retained Benefit Division or the Division 9 Flexible Income Stream. You must do so within 90 days.

If you do not advise the Trustee of where and how your benefit should be paid within 90 days, the Plan will:

- ▶ transfer your benefit to Division 8 if it meets the minimum account balance requirements of Division 8 (currently set at \$5,000); or
- ▶ transfer your benefits to the Plan's nominated Eligible Rollover Fund (ERF).

An Eligible Rollover Fund (ERF) is a superannuation fund specifically designed to hold unpaid superannuation benefits.

Legislation requires ERFs to guarantee that administration fees deducted from your benefit will not exceed the amount of investment returns credited (unless this applies to all members of the ERF).

This usually ensures that the amount of your benefits cannot reduce while they are in an ERF due to fees being deducted.

If your benefit is transferred to the ERF you will no longer be a member of the Plan and you will need to contact the ERF about your benefit. Please note that the conditions, fees and investment strategy of the ERF may be different from those of the Plan.

Contact details of the Plan's current ERF are:

The AUSfund Administrator
PO Box 2468
Kent Town SA 5071
Ph: 1300 361 798
Fax: 1300 366 233
Web: unclaimedsuper.com.au





Trustee

Qantas Superannuation Limited (ABN 47 003 806 960) as Trustee holds the following licences:

- Registrable Superannuation Entity (RSE) licence which allows the Trustee to be the trustee of the Qantas Superannuation Plan (ABN 41 272 198 829); and
- Australian Financial Services Licence (AFSL), which allows the Trustee to provide general superannuation product advice.

The Trustee will administer the Plan and provide a variety of information to members through publications like the annual report, annual benefit statement, newsletters and the website. The Trustee will also respond to queries from individuals relating to the superannuation products provided by the Trustee.

Privacy

The Trustee is committed to respecting the privacy of members' and other individuals' personal information, and is committed to complying with the Privacy Act 1988 and any other applicable laws designed to protect individuals' privacy.

Subject to certain conditions, members can gain access to personal information that the Trustee has collected. The information is collected to assist the provision of services to members of the Plan, consistent with Federal legislation covering superannuation and taxation.

Member's information may be disclosed by the Trustee to a number of other parties, including the Plan's administrator, advisors, insurers, regulators and courts. Limited information may be provided to the Company. In some situations, the law may require the provision of information to member's spouse or former spouse.

Other Information

The contents of this annual report are of a general nature, are not intended to constitute financial product advice and have not been prepared taking account of your objectives, financial situation or needs. This annual report is not intended to take the place of a licensed financial adviser who understands your objectives, financial situation and needs. The Trustee recommends that before acting on any information contained in this document, you seek financial advice from a licensed independent financial adviser and read the Plan's Product Disclosure Statement for the particular Division you are a member of before making an investment decision.

The Trustee makes every attempt to ensure that the information in this document is accurate. Legislative and other changes after the time of publication may affect the accuracy of some of the information contained in this document.

The Plan's full financial statements

To view the Plan's full audited financial statements and the auditors report for the year ended 30 June 2009, visit the Plan's website at **www.qantassuper.com.au**, go to the "publications" section and download the full document.

If you can't access the website or would like a hard copy sent to you, please fill out this coupon and send it to the address below or email us at **info@qantassuper.com.au**

Mail this completed form to:

**Qantas Superannuation Limited
Locked Bag A4075
Sydney South NSW 1235**

Name _____

Staff no. _____

Department _____

Company location _____





To contact the Plan:

- call 1300 654 384
- fax (02) 9372 6288
- email info@qantassuper.com.au
- Postal Address
Qantas Superannuation Limited
Locked Bag A4075
Sydney South NSW 1235



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www.qantassuper.com.au

