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13 August 2001

Mr Rob Cameron
Partner
Cameron & Company Limited
Level 6
108 The Terrace
Wellington
New Zealand

Facsimile: 0015 64 4 499 6651

Dear Rob

In line with your suggestion, Qantas has maintained close contact with Sam Fairchild over recent days as we seek to progress work on the outlines of a possible agreement between Qantas and the New Zealand Government.

As you are aware, we envisage that Qantas - as a prospective cornerstone investor in Air New Zealand - will undertake to support a number of service changes that will add depth and breadth to Air New Zealand's international route network. This commitment will be an important element in the national interest package of the proposed agreement.

However, as Geoff Dixon noted during last Thursday's meeting, Air New Zealand would be under no obligation to introduce these changes. Any decisions in that regard would of course rest with the airline's Board and management, having regard to detailed assessments of the commercial potential, fleet implications, and other relevant considerations.

Important among these considerations will be Air New Zealand's ability to access the necessary traffic rights under New Zealand's relevant air services agreements.

Qantas does not have a clear and complete understanding of the traffic rights currently available to Air New Zealand. Accordingly, we would be grateful for advice as to whether the airline has - or could gain access to - the traffic rights and entitlements necessary to implement the possible service changes set out in the attachment to this letter.

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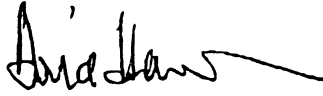
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Further, as we would propose that extensive code sharing arrangements be a key element of the new partnership between Qantas and Air New Zealand, we would welcome advice in regard to any impediments to code sharing that might exist under New Zealand's bilateral agreements with third countries.

Finally, in the event that Air New Zealand does not possess the necessary rights, we would welcome confirmation that, as part of the proposed agreement with Qantas, the New Zealand Government would undertake to seek appropriate liberalisation under its bilateral agreements with relevant third parties.

We look forward to your advice on these matters.

Yours sincerely



David Hawes
Group General Manager
Government and International Relations

Attachment

Growing Air New Zealand's International Network

Possible service changes:

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