



21 August 2001

Mr Robert Cameron
Principal
Cameron & Co
Level 6
108 The Terrace
Wellington

Dear Rob

Qantas/Air New Zealand – Partnership Proposal

Attached is the detailed Qantas Proposal for a Strategic Partnership with Air New Zealand. While we have addressed all the issues raised by the Government's Negotiating Team, we remain available to answer any additional questions.

The Qantas Proposal envisages a 25% "cornerstone" shareholding in Air New Zealand accompanied by a long-term Strategic Alliance Agreement. Qantas does not seek a higher level of shareholding and Air New Zealand would remain independent.

We believe the Qantas Proposal will be substantially superior to any offered by Singapore Airlines. The Singapore Airlines proposal will be detrimental to competition overall and would result in the unacceptable concentration of airline ownership in the region (resulting in Singapore Airlines controlling Ansett, Ansett International and Air New Zealand).

While we believe our Proposal is ultimately achievable with competition, regulatory and shareholder approvals relatively straight-forward, there is clearly a requirement for Singapore Airlines, almost certainly through the Singapore Government, to participate in the process.

Qantas will provide contractually enforceable commitments to deliver the New Zealand National Interest benefits outlined in the Proposal.

Yours sincerely

Geoff Dixon
Chief Executive

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