FLIGHT CENTRE LIMITED

ANNUAL GENERAL MEETING - CHAIRMAN'S ADDRESS

Following the considerable challenges of the 2008/09 fiscal year, it is pleasing to report significantly stronger results during the 12 months to June 30 2010.

At the dawn of 2009/10, we set our sights on a pre-tax profit between $125million and $135million – 25%-35% growth on our normalised 2008/09 result.

We easily exceeded this target and ultimately delivered the second strongest pre-tax profit result in our history, finishing the year only marginally behind 2007/08.

Generally, overall results were well up on 2008/09 – when the global economic downturn significantly affected our performance – and were comparable to 2007/08.

While we will never be satisfied with achievements that are broadly in line with two years ago, we can be proud of the results we delivered, particularly in light of the issues that arose and the prevailing economic conditions in some key geographies.

During 2009/10, trading conditions improved but overall results were affected by:

- Minimal economic recovery in some key markets, including the USA and UK, the company's second and third largest operations
- A $10million reduction in year-on-year interest income, reflecting the lower interest rates in Australia during the first half of 2009/10
- Short-term disruption caused by the volcanic ash cloud in Europe, airline strikes and unrest in some major international markets
- Slower recovery in the global corporate travel sector; and
- Significantly lower ticket prices, a legacy of the unprecedented airfare discounting that has taken place since the second half of 2008/09

Our financial results have, of course, been well documented since they were released two months ago.

Briefly, they included:

- Total transaction value just above $11billion
- A $198.5million profit before tax
- A $139.9million net profit after-tax, a record result
- Earnings per share of 140.3cents, another record result; and
- Almost $70million returned to shareholders via the 26cents per share interim dividend and the 44cents per share final dividend, which has just been paid

Credit for these achievements must go to our people, from our sales consultants and corporate accountant managers to our support people and management teams, headed by “Skroo” and his global executive team.

Several members of our executive team are here today, including:

- Our CFO, Andrew Flannery, who was introduced earlier
- Our executive general manager of air, land and IT, Melanie Waters-Ryan
- Our global corporate leader, Shannon O’Brien
- Michael Murphy, the leader of our Peopleworks businesses
- Our executive general manager of marketing, Colin Bowman; and
- The leader of our Asia and Middle East business, Rob Flint

Thank-you for your contributions during 2009/10 and thank-you also to our 13000 people globally.

In achieving these results, we have, undoubtedly, benefited from more stable trading conditions, but also from our various brands’ strength, diversity, experience and some of the tough decisions taken during the downturn.

For example, our commitment to maintaining our advertising spend, the size of our sales force and the strength of our shop network ensured we were able to capitalise when market conditions gradually began to improve during the course of the year.

The decision to keep tight controls on costs also contributed to strong cash growth and additional balance sheet strength.

General cash totalled $322.3million at June 30 2010, compared to $160.9million one year earlier, and was part of a $999.5million global cash and investment portfolio.

Total debt at June 30 2010 was $178.1million, giving FLT a $144.2million positive net debt position at year-end.

Within our businesses, operational highlights included:

- Record profit and sales results in Australia and Canada
- Near record profit in the UK, when measured in local currency, despite the ash cloud, British Airways' strikes and continued turmoil in the local economy
- Strong growth in New Zealand, where EBIT almost doubled
- A small EBIT increase in South Africa
- Breakeven overall EBIT results from the emerging Asia and Middle East corporate businesses. The Greater China business, formerly a loss-making operation, broke-even over the last four months of the year and has again performed well early in 2010/11; and
- Significantly reduced US losses, which were in line with FLT's revised expectations

As you may have read in our full year result announcement, results from some of our emerging businesses were also encouraging.

Cruiseabout contributed almost $1million in profit during a period of considerable expansion.

The online leisure businesses contributed good profit growth, in addition to delivering enquiry to our global retail shop network.

The Intrepid retail joint venture was profitable in its first full year and is expanding in Australia and overseas.

The joint venture cycle business, Pedal Group, generated more than $20million in sales and $230,000 in EBIT.

In the e-commerce area, we expanded in three areas:

1. Websites used to generate enquiry for our retail brands

2. Sites used to generate enquiry for online direct brands; and
3. Fully transactional sites, such as flightcenter.com in the USA and accommodation website quickbeds.com, which has just been relaunched in Australia

Other new sites include discountcruises.com in the USA and roundtheworldexperts.co.uk. The roundtheworldexperts site performed strongly, with TTV almost doubling in local currency during 2009/10 to UK30million pounds.

Flight Centre-branded websites were also launched in China, Hong Kong, Singapore and Dubai to capitalise on the brand's global strength and to generate additional retail enquiry in these countries.

The new financial year, 2010/11, will be our 16th as a public company.

While our focus is on the year ahead and dealing with the new challenges that it may bring, it is appropriate to reflect briefly on our achievements since we listed on the Australian Securities Exchange in 1995.

Our profit has increased year-on-year in all but two of the ensuing 15 years

During the past 15 years:

- TTV has increased from $969million to $11billion, a compound annual growth rate of 17.6%
- Net profit after tax has increased from $11.85million to $139.9million, a CAGR of 17.9%; and
- EPS have increased from 15.1cents to $1.40, a 16% CAGR

We now have:

- More than 30 brands, including the flagship Flight Centre brand
- Company-owned shops in 11 countries
- Extensive global corporate travel offerings, including the FCm Travel Solutions network we launched six years ago; and
- Sizeable wholesale operations and the ability to directly contract with land-based suppliers in key international markets, which has contributed to our success in maintaining margins

While we have experienced some volatility in recent years, particularly during 2008/09, our share price has increased from 95 cents in 1995 to $16.63 on June 30 2010.

Pleasingly, share price growth during 2009/10 matched our profit growth – making us the fourth best performing stock on the ASX 200 during the year.

Looking forward, our aim is to build on our success and to take advantage of the opportunities that exist within our business.

While there are certain to be challenges within the broader market, our business foundations are strong as we enter the next phase of our evolution.

Thank-you for your ongoing support of our company.

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