FACSIMILE MESSAGE

FLIGHT CENTRE LIMITED

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DATE: 7th March 2003 TIME:

TO: **ASX** FAX NUMBER: ~~1300 300 021~~ 1900 999 279

FOR THE ATTENTION OF: **COMPANY ANNOUNCEMENTS OFFICE.**

FLIGHT CENTRE CONTACT: John Whateley.

SUBJECT:Acquisition and Capital Raising Advise.

TOTAL NUMBER OF PAGES (INCLUDING COVER): 5

Dear Sir / Madam,

The Directors of Flight Centre Limited advises the following to the market regarding the acquisition of Britanic Travel and a capital raising by way of a Non-renounceable Entitlement Offer.

STATEMENT TO AUSTRALIAN STOCK EXCHANGE

FLIGHT CENTRE ANNOUNCES ACQUISITION OF BRITANNIC TRAVEL AND $79.6 MILLION CAPITAL RAISING

FLIGHT Centre Limited has reaffirmed its position as an emerging presence in the global business travel market by announcing details of its GBP45.3 million (approximately $122 million) acquisition of London-based Britannic Travel Limited.

The deal has transformed the United Kingdom into one of Flight Centre Limited's largest markets, with annual sales from Britannic and the company's existing businesses likely to be in the order of $700 million.

Flight Centre Limited chairman Norman Fussell said the acquisition was the company's largest so far and surpassed the $40 million deal for publicly listed corporate travel business ITG last year.

"Britannic Travel has a long and proven record of success and generates annual sales in excess of $400 million," he said. "When we add this figure to the leisure and corporate travel sales from our existing shops and businesses in England and Scotland, we will become a significant player in the overall UK travel market."

Flight Centre Limited managing director Graham Turner said the acquisition came after extensive due diligence and would produce benefits for Flight Centre Limited.

"We already have an expanding business travel operation focussing on small to medium sized companies in the UK, but it would have taken years of organic growth and major financial investment to achieve Britannic's results, size and market penetration," he said.

"We view Britannic as an attractive fit with Flight Centre's expanding corporate travel businesses, which have traditionally focussed on small to medium sized corporate travel accounts. The addition of Britannic provides us with immediate scale in the UK market, a strong network of branches, a high-end client base and an experienced management team.

"Flight Centre intends to retain Britannic's senior management and personnel, with founder and chief executive officer Alan Spence entering into a service agreement with Britannic until December 31, 2007."

Britannic has a network of 24 offices and 40 locations. The business employs 400 staff and focuses on providing travel services to medium and large corporate accounts.

The purchase price is payable in three instalments. The first instalment of GBP30.58 million is payable immediately, the second instalment of GBP6.16 million is payable 18 months after completion and the final instalment of GBP8.54 million is payable shortly after December 31, 2007.

The vendor is also entitled to additional payments dependent on Britannic's performance through to December 31, 2007.

After factoring in anticipated level of performance payments and discounting the deferred payments, the acquisition price represents an estimated multiple of 6.3 times Britannic's earnings before interest and tax of GBP6.3 million for the 12 months ended December 31, 2002.

The acquisition is earnings per share positive on an historical pro-forma basis both pre and post amortisation of goodwill and is scheduled to complete in mid March 2003.

Business Travel Operations

Britannic becomes Flight Centre Limited's third major business travel acquisition in the past year, following its successful offers for ITG Limited in Australia and New Zealand early last year and Hong Kong based American International Travel Limited six months ago.

Flight Centre Limited's business travel arm also includes a network of Corporate Traveller offices in Australia, New Zealand, South Africa, East and West Canada, the United Kingdom and the United States.

In addition, the company operates conference and events businesses in Australia, Stage & Screen, a specialist brand providing travel and freight services for the entertainment industry, and SBT, a corporate travel brand servicing large corporations and government departments.

Flight Centre Limited chief executive officer Shane Flynn said the company has developed a significant global corporate travel platform, while maintaining its place as one of the world's largest providers of leisure travel.

"We have great diversity, in terms of brands and geography, and this makes us a very strong company," he said.

Fund Raising

In announcing the acquisition, Mr Fussell outlined plans to raise up to $79.6 million through a 1:20 Non-Renounceable Entitlements offer at $18 per share, enabling Flight Centre Limited to preserve its cash reserves for future opportunities.

The Offer has two components:

- An Institutional Entitlement Offer. This component has been completed with commitments for approximately 3.2 million new shares to raise approximately $58.2 million from institutions and founding shareholders. These shares will commence trading on March 12 2003; and

- a Retail Entitlement Offer of approximately 1.2 million new shares to raise approximately $21.4 million.

ABN Amro Morgans Corporate Limited and Wilson HTM Corporate Finance Limited arranged and underwrote the institutional component and are joint lead managers and underwriters to the retail component.

All shares issued under the Offer will be entitled to Flight Centre's interim dividend of 18.5 cents a share, which is payable on April 29 to shareholders on the register on April 22.

"The Retail Entitlement Offer now provides all eligible Flight Centre shareholders with an opportunity to participate further in the growth and development of the company," Mr Fussell said.

The Retail Entitlement Offer will open on March 21, 2003 and close on April 8, 2003. Shareholders can apply for additional shares under the Offer. All applications must be made on the form in (or accompanying) the prospectus.

Flight Centre is being advised by Caliburn Partnership as financial adviser and Blake Dawson Waldron as legal adviser.

ASX ANNOUNCEMENT TIMETABLE

5 March	Trading halt requested and Institutional Entitlement Offer opens
6 March	Institutional Entitlement Offer closes
7 March	Acquisition of Britannic Travel Ltd and capital raising announced – end of trading halt
7 March	Prospectus lodged
12 March	New Shares under Institutional Entitlement Offer issued and quoted (cum dividend, ex-entitlement)
12 March	Existing Shares on issue trade cum dividend, ex-entitlement
18 March	Record Date to identify security holders entitled to participate in the Retail Entitlement Offer
21 March	Prospectus and Entitlement & Acceptance Forms mailed to Retail Shareholders
8 April	Closing date for Retail Entitlement Offer
9 April	New Shares to be issued under Retail Entitlement Offer quoted on a deferred settlement basis (cum dividend)
14 April	Existing Shares trade ex-dividend
by 22 April	New Shares under Retail Entitlement Offer issued and despatched
22 April	Record date for dividend
23 April	New Shares under Retail Entitlement Offer commence trading on normal T + 3 basis
29 April	Payment of dividend

ENDS Media enquiries to Graham Turner 0412 741867, Norman Fussell 0419 772063, Shane Flynn 0439 710023 or Ron Malek (Caliburn Partnership) 0411 422885.

March 7, 2003