

Announcement by Virgin Blue Holdings Limited (ASX:VBA) in relation to the Virgin Australia group of airlines (formerly the Virgin Blue group of airlines)

SINGAPORE AIRLINES AND VIRGIN AUSTRALIA UNVEIL LONG-TERM PARTNERSHIP

SINGAPORE AND SYDNEY, 7 June 2011: Singapore Airlines and Virgin Australia group of airlines have signed a landmark agreement which will enable them to establish a long-term alliance.

Under the agreement, the two airlines propose to:

- Codeshare on each other's international and domestic flights;
- Offer reciprocal frequent flyer programme benefits and lounge access;
- Co-ordinate schedules between Singapore and Australia and beyond to provide seamless connections; and
- Engage in joint sales, marketing and distribution activities.

The alliance will connect Singapore Airlines' extensive international network with Virgin Australia's wide range of Australian and Pacific destinations. Through the Singapore Airlines network, Virgin Australia customers will have access to some 70 more destinations, while through the Virgin Australia network Singapore Airlines customers will have access to some 30 more destinations. Members of Singapore Airlines' KrisFlyer frequent flyer programme will be able to earn and redeem miles on Virgin Australia flights, while Virgin Australia's Velocity members will be able to earn and redeem miles on Singapore Airlines-operated flights.

The two airlines will lodge an application for authorisation with the Australian Competition and Consumer Commission (ACCC) to enable them to co-operate across a broad range of commercial functions. Authorisation will allow the airlines to build a deep and integrated alliance with seamless service offerings to the travelling public.

Singapore Airlines CEO Goh Choon Phong said: "Singapore Airlines has been committed to the Australian market for more than 40 years and we are always looking for ways to serve our customers better. With regulatory approval, the partnership will enable us to offer even more choice for domestic and international air travel. Together with Virgin Australia we will provide the public with access to an enlarged network, offering a first-rate, integrated travel experience."

Mr Goh added: "The partnership presents a significant opportunity for Singapore Airlines to drive growth in a manner consistent with our focus on service excellence, product innovation and network connectivity. It will enhance the attractiveness of Australia as a travel destination while also opening up new horizons for travellers from Australia."

24-hour media enquiries: 1800 142 467

Virgin Australia group of airlines CEO John Borghetti said: "We are delighted to be partnering with one of the most respected and innovative airlines in the world. When it first launched in Australia, Singapore Airlines revolutionised international air travel for Australians, providing a world class service to Asia, Europe and beyond."

Mr Borghetti added: "Asia is clearly a critical market for us as we build our international alliance network. Singapore Airlines' extensive network throughout Asia will be particularly attractive to our international business and leisure travellers and this partnership, along with our other alliances, will mean Virgin Australia can now offer truly global flight coverage."

"With the recent re-positioning of our brand and the launch of our product enhancements, including domestic business class, Virgin Australia and Singapore Airlines are ideally suited as airline partners."

As part of the announcement today, Singapore Airlines and Virgin Australia have agreed that from 1 August 2011:

- Singapore Airlines customers will be able to interline on Virgin Australia's domestic network, allowing them to travel through to a range of destinations with one ticket, through-checked baggage, terminal transfers and inclusive meals; and
- Virgin Australia Velocity Gold members and Singapore Airlines KrisFlyer Gold members will have reciprocal access to each airline's airport lounges.

Singapore Airlines and Virgin Australia will lodge an application with the ACCC in the coming weeks. Subject to approval, customers should be able to experience the full benefits of the alliance from late this year.

About Singapore Airlines

When Singapore Airlines was formed in 1972, it operated a modest fleet of 10 aircraft to just 22 cities in 18 countries. With a commitment to fleet modernisation, product and service innovation and market leadership, the Airline quickly distinguished itself as a world-class carrier.

Today, Singapore Airlines operates a modern passenger fleet of more than 100 aircraft and its network, including Singapore Airlines Cargo and SilkAir destinations, covers a total of 101 destinations in 40 countries. Singapore Airlines serves five destinations in Australia - Adelaide, Brisbane, Melbourne, Perth and Sydney - with 92 round-trip flights per week.

In October 2007, Singapore Airlines, a member of the Star Alliance, made aviation history as the first to fly the world's largest passenger aircraft, the Airbus A380.

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About Virgin Australia

Virgin Australia group of airlines (ASX: VBA), formerly the Virgin Blue group of airlines, was launched in 2000 as the first sustainable low-fare airline in Australian skies. It has established a global reputation as an innovator and leader in the aviation industry; renowned for the warmth of its people and the quality of the service they provide.

Starting out as a single airline operating a single route with just 200 team members, today the group employs over 7,000 people and includes multi-award winning domestic airline Virgin Australia (formerly Virgin Blue); international long-haul airline V Australia; international subsidiary airline Pacific Blue; and Polynesian Blue, a joint venture airline with the Government of Samoa. Virgin Australia is currently in the process of re-launching its domestic and short-haul international product, and both V Australia and Pacific Blue airlines will operate as Virgin Australia by the end of 2011.

Virgin Australia operates a fleet of 89 modern Boeing 737, 777 and Embraer E-Jet aircraft flying to 32 Australian and 16 international destinations including the USA, UAE, New Zealand, Indonesia, Thailand, Papua New Guinea, Fiji, Samoa, Tonga, Vanuatu and the Cook Islands.

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