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ASX RELEASE

Update on Outlook for the Year ending 30 June 2010

Virgin Blue said today that the Group now estimates its reported Net Profit before Tax and Exceptional Items for the 2010 financial year will be in the range of \$80-110 million, compared to a loss of \$93 million for the prior year. This is consistent with the most recent guidance (given at last year's AGM) that the Group would return to profitability in the year.

The forecast reflects an improvement in operating conditions in the first half of the year in respect of two key drivers - a decrease in the average fuel price paid by the Group to US\$92/bbl compared to US\$127/bbl for the previous corresponding period, and some recovery in yields for the domestic business from the market lows seen in early 2009, to be broadly in line with the same period in 2008.

The company noted that concerns remain around the pace of the global economic recovery and the continuing volatility in domestic and international markets. In particular, seasonality and competitive activity in the domestic market will see pressure on yields for the remainder of this year.

The Profit before tax and exceptional items guidance excludes any adjustments in respect of hedging ineffectiveness. Based on current market conditions and volatility, we would expect a credit in respect of this item for the full year.

Further information:

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