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VIRGIN BLUE SIGNS MAJOR AIRCRAFT DEAL - UP TO 105 NEW BOEING 737'S FOR FUTURE GROWTH & AIRCRAFT REPLACEMENT PROGRAM

Thursday, 1 April 2010, Brisbane, Australia: Virgin Blue Group confirms it has just formally signed an agreement with aircraft manufacturer Boeing, for up to 105 brand new 737 aircraft.

This consummates the in-principle agreement, which was signalled at the recent half year financial results briefing. The transaction has been in negotiation for nine months and its completion constitutes the biggest aircraft order in Virgin Blue's ten year history and the Boeing Aircraft Company's largest order in the past 18 months.

The agreement includes 50 firm B737-800NG aircraft (with flexibility to convert to either B737-700 or B737-900), 25 additional firm delivery positions secured as options and 30 future purchase rights. Delivery is scheduled from June 2011 through to 2017 and delivery options negotiated will provide important flexibility to manage movements in market conditions, to aggressively ensure market share is not eroded and to provide additional growth options at Virgin Blue's discretion.

A significant percentage of the aircraft is intended for replacement of the existing narrow body fleet, while the remainder will be deployed to new routes and to boost frequency where demand dictates.

Virgin Blue Chief Executive, Brett Godfrey, said, "Securing this agreement now places Virgin Blue in a strong position to prepare for steady future growth as domestic and short haul markets recover. It will also ensure a turnover of aircraft to maintain the youngest fleet of modern aircraft which is crucial for maintaining our commitment to on-time performance and the lowest cost base possible."

The new aircraft order will deliver a further reduction in operating costs to manage the airline's future cost base, maximise reliability and continue to bring to market modern airline products and services. The deal includes aircraft with the latest technology under the Boeing Performance Improvement Plan, which will also help the carrier maintain its commitment to reducing its carbon footprint, via initiatives including engine improvement and enhanced aerodynamics. The aircraft will be delivered with Boeing's new sky interiors with inclusions such as newly designed seats and IFE which will complement Virgin Blue's 'Airline of the Future' initiative to be rolled out during 2011.

Brett Godfrey added, "Virgin Blue was fortunate to see the opportunity and be in a position to take advantage, of the downturn in the market as we did back in 2001, to secure long term future supply of aircraft on attractive commercial terms. Pricing cannot be disclosed but importantly net pricing is improved from 2001 levels, allowing for a lowering of the fleet's cost base. We expect to finalise our funding arrangements for these aircraft shortly."

Further information:

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