

VIRGIN AUSTRALIA HOLDINGS LIMITED (ASX:VAH)**VIRGIN AUSTRALIA ANNOUNCES AGREEMENT TO ACQUIRE 60% STAKE IN TIGER AUSTRALIA TO BRING STRONG COMPETITION TO THE BUDGET MARKET**

30 October 2012

Virgin Australia Holdings Limited (**Virgin Australia**) today announced that it has entered into a Share Purchase Agreement (**SPA**) to acquire 60% of the existing shares in Tiger Airways Australia Pty Limited (**Tiger Australia**) from Tiger Airways Holdings Limited (**Tiger Airways**) for AUD35 million.

In addition, Tiger Australia has agreed to make a payment of AUD5 million to Tiger Airways, if Tiger Australia achieves certain financial performance targets within five years.

Tiger Airways and Virgin Australia have committed to invest up to a further AUD62.5 million collectively into the business to fund growth in Tiger Australia. The joint venture has flexibility to grow Tiger Australia's fleet from 11 to up to 35 aircraft by 2018.

The transaction is subject to conditions and regulatory approvals, including ACCC clearance and FIRB approval. As part of the transaction, Virgin Australia and Tiger Airways propose to enter into a Shareholders Agreement, Brand Licensing Agreement and Services Agreement.

Virgin Australia Chief Executive Officer John Borghetti said: "This transaction enables Virgin Australia to access the budget market and enables Tiger Australia to expedite its growth, providing greater competition to this important market segment.

"By partnering with Tiger Airways, we can use our expertise to leverage Tiger Australia's competitive cost base and build a sustainable budget carrier. We are committed to maintaining the Tiger Australia business model and brand, and we look forward to collaborating with Tiger Airways as the business grows", Mr Borghetti said.

Tiger Airways Group Chief Executive Officer Koay Peng Yen said: "This is a significant step forward for us. The joint venture will bring about a stronger and more competitive Tiger Australia, and allow us to deploy more capacity and attractive budget offerings to our customers.

"We are committed to growing Tiger Australia's fleet, network and flight frequencies, and expanding to more destinations in Australia", Mr Koay said.

ENDS

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Key Terms of the Agreement

Tiger Australia will be managed as a standalone entity, with its own Air Operator's Certificate (AOC) and a separate Board and Management team.

Tiger Australia will continue to operate under the Tiger Airways brand as a low cost carrier providing domestic air travel services in Australia with a fleet of Airbus A320 aircraft. Tiger Australia will continue to operate its "www.Tigerairways.com" website and will pay an annual license fee to Tiger Airways for the use of the Tiger brand.

The Chairmanship of the Board will rotate every two years, nominated alternately by each shareholder. Virgin Australia Chief Executive Officer John Borghetti will be the inaugural Chairman.

The Tiger Australia board will be comprised of six board members, with three nominated by Virgin Australia, two by Tiger Airways and one independent director. The shareholder who does not appoint the Chairman appoints the independent director. The Senior Management of Tiger Australia will be jointly appointed, with the CEO nominated by Virgin Australia and the CFO nominated by Tiger Airways.

Tiger Airways and Virgin Australia have committed to invest up to a further AUD62.5 million collectively into the business to fund growth in Tiger Australia. The joint venture has flexibility to grow Tiger Australia's fleet from 11 to up to 35 aircraft by 2018. The first AUD20million will be contributed by Tiger Airways, followed by AUD30million from Virgin Australia and the remaining AUD12.5million will be a proportional investment by both parties to fund the growth of the company.

The head office and operational bases for Tiger Australia will remain, with the head office in Melbourne and two operational bases – one at Tullamarine in Melbourne and the other in Sydney. There are no codeshare arrangements as part of the agreement.

About Tiger Airways Holdings

Tiger Airways is one of Asia's leading low cost carriers. Tiger Airways Singapore flew 99.99% of scheduled flights in 2012, and also took second spot in the Top 10 Airlines by Passenger Carriage Award in the 2012 Changi Airline Awards. It was named the Top Airline by Growth in Passenger Carriage (Singapore), and is the only budget carrier to be conferred a security award for the Threat-Oriented Passenger Screening Integrated System (TOPSIS) in 2012.

Established in September 2004, the airline has steadily grown its fleet to 30 Airbus A320 aircraft with an average age of under three years. It has another eight aircraft of the A320 family operated by associate airlines Mandala Airlines in Indonesia, and SEAir in the Philippines.

Tiger Airways and its associated airlines operate a network that extends to over 46 destinations across 13 countries in the Asia Pacific region.

Tiger Airways is committed to offering customers great value fares and friendly service while maintaining the highest standards of safety, security and reliability. For more information, please visit www.tigerairways.com.

About Virgin Australia

Virgin Australia (ASX: VAH) launched in 2000 and has since established itself as a contemporary, full service airline, with a reputation for exceptional customer service.

The airline employs more than 8,000 people in Australia, New Zealand and the United States. Virgin Australia has strategic alliances with four key airline partners: Air New Zealand, Delta Air Lines, Etihad Airways and Singapore Airlines, providing customers with access to over 400 destinations worldwide. Its



domestic and international operations are complemented by Virgin Samoa, a joint venture airline with the Government of Samoa.

Virgin Australia operates a fleet of 108 modern Airbus A330, Boeing 777, Boeing 737, Embraer E-Jet and ATR-72 Turboprop aircraft to 34 Australian ports and 17 international destinations including the USA, UAE, New Zealand, Indonesia, Thailand, Papua New Guinea, Solomon Islands, Fiji, Samoa, Tonga, Vanuatu and the Cook Islands.

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