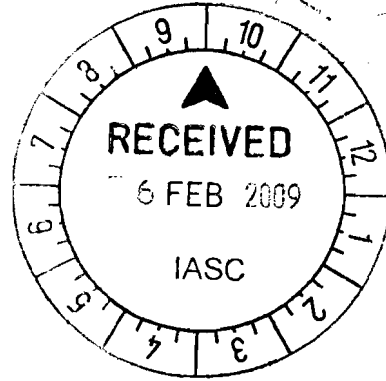




5 February 2009

Mr Michael Bird
Executive Director
International Air Services Commission
PO Box 630
Canberra ACT 2601
Via Fax: 02 62 67 1111



Dear Mr Bird

Application for Capacity Allocation – Indonesia

Pacific Blue Airlines (Aust) proposes to operate an additional four weekly services between Perth and Denpasar. The first two frequencies will be introduced in March and April 2009 with two additional frequencies to be added later this year. Pacific Blue will operate these services utilising 180 seat B737-800 aircraft.

Allocation Sought

Pacific Blue requests an allocation of an additional 720 seats each way each week on the Indonesia route on the following basis:

- The capacity will be utilised by Pacific Blue Airlines (Aust)
- The allocation is requested for a period of five years from the date of the Determination of the Commission.
- The capacity will be fully utilised from 1 April 2010.

IASC Act and Policy Statement Considerations

We request that the Commission consider this application against the general criteria for assessing the benefit to the public in Paragraph 4 of the Minister’s Policy Statement.

The Paragraph 4 criteria provides that the use of entitlements by an Australian carrier under a bilateral air services agreement is of benefit to the public, provided that the carrier is reasonably capable of obtaining the necessary approvals and implementing the proposal.

We would be pleased to provide any further information the Commission may require in support of this application.

Yours sincerely

Tony Wheelens
Manager Government Relations
Virgin Blue Group