STRATEGIC

18th May 2011

Ms Sue McIntosh Executive Director International Air Services Commission GPO Box 630 Canberra ACT 2601

)೪೭ Dear Ms-McIntosh

Application for Capacity Allocation – China Route

Strategic Airlines Pty Ltd ACN 131 128 571 (Strategic Airlines) is seeking an allocation of capacity to operate services between Australia and China from September 2011.

Designated Australian Carrier

Strategic Airlines contends that it presently satisfies the necessary requirements of a Designated Australian Carrier, given that the issued capital is owned by one Australian national and the company is therefore substantially owned and controlled by Australians. In addition, Strategic Airlines' has the operational capacity to implement services to China and is an established carrier on other international routes to and from Australia.

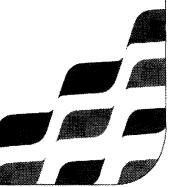
Allocation Sought

Strategic Airlines seeks an allocation of 1,911 seats each week, of the capacity available to designated Australian carriers to operate between Australia and China.

Such allocation will be fully utilised by 31 August 2012 and is requested for a five year period from the date of determination.

www.flystrategic.com

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Legislative and Policy Considerations

It is acknowledged that this application should be considered against the general criteria for assessing the benefit to the public in Paragraph 4 of the Minister's Policy Statement. Strategic Airlines contends that its use of this allocated capacity will clearly provide a benefit to the public, and addresses the criteria stipulated in the Minister's Policy Statement.

Yours sincerely

Damien Vasta

Chief Commercial Officer

Strategic Airlines