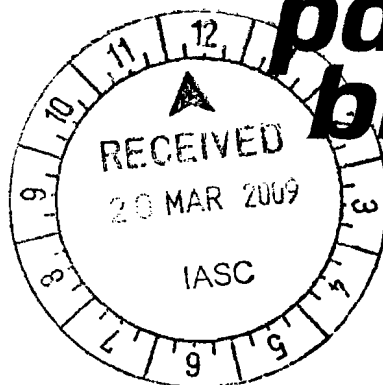




20 March 2009

Mr Michael Bird
Executive Director
International Air Services Commission
GPO Box 630
Canberra ACT 2601



Dear Mr Bird *MJB*

Application for Capacity Allocation – Indonesia

Pacific Blue Airlines (Aust) has received from the Commission through Determinations [2008] IASC 120 and [2009] IASC 103 an allocation of 2,700 seats each way each week for services between Australia and Indonesia. Separately Pacific Blue applied to the Commission on 13 March 2009 for an allocation of an additional 1,080 seats weekly on the Indonesian route. The capacity allocated to Pacific Blue is operated using 180 seat B737-800 aircraft.

Pacific Blue seeks a Determination which would permit it to operate from within its current allocation of capacity and, if successful, the capacity which is the subject of our most recent application a total of 540 seats utilising three weekly frequencies on services to be operated from points in Australia to Denpasar and beyond to points beyond Indonesia. The capacity will be used 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 allocated from 1 April 2010

IASC Act and Policy Statement Considerations

We request 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. 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