



Alliance Aviation Services Limited
A.C.N. 153 361 525

PO Box 1126
EAGLE FARM QLD 4009

Telephone
+61 7 3212 1212

Facsimile
+61 7 3212 1522
www.allianceairlines.com.au

15 February 2016

Alliance Aviation Services (ASX code: AQZ)

ALLIANCE AND VIRGIN AUSTRALIA ANNOUNCE STRATEGIC PARTNERSHIP

Alliance Aviation Services Limited (**'Alliance'**) and Virgin Australia Holdings Limited (**'Virgin Australia'**) today announced that they have entered into a long-term strategic partnership.

The partnership will see the airlines work together to grow their respective charter businesses. Both airlines will benefit from the ability to leverage each other's strengths, particularly in terms of network, brand, product and service offering, and technical expertise. This will allow Alliance and Virgin Australia to develop a compelling customer proposition and to more effectively compete in the Australian FIFO market.

Alliance Managing Director, Scott McMillan said: "We look forward to partnering with Virgin Australia to leverage the operational and commercial expertise of our respective businesses. With our combined services and expertise we see a great deal of logic in working together," Mr McMillan said

Virgin Australia Group Chief Executive, John Borghetti said: "This partnership will enable Virgin Australia and Alliance to develop and grow their competitive position in the charter market," Mr Borghetti said.

"We look forward to collaborating with Alliance to further build a competitive, efficient and sustainable charter business," Mr Borghetti said.

The proposed strategic partnership is subject to conditions and ACCC approval.

Key Terms of the Proposed Commercial Partnership*

The key terms of the Proposed Commercial Partnership are as follows:

- Alliance and Virgin Australia Regional Airlines will form a Charter Partnership to jointly grow their charter businesses. Existing charter contracts will remain with their current operator, with all new contracts to be operated under the Charter Partnership.
- Alliance and Virgin Australia Regional Airlines will enter into agreements to provide and procure services for each other on a preferential basis. This includes, but is not limited to, aircraft procurement, spare parts pooling, maintenance and ground handling services.

**Subject to ACCC approval.*

ENDS

About Virgin Australia

Virgin Australia Group (ASX: VAH) is a major Australian airline group that operates domestic and international regular passenger services, charter and cargo services and the loyalty program Velocity Frequent Flyer. The Group employs around 10,000 people in Australia, New Zealand and the United States.

Virgin Australia launched in 2000 and has since established itself as a contemporary, full-service airline with a reputation for exceptional customer service. It is the second largest airline in Australia and has a combined network of more than 450 destinations with its four alliance partners: Air New Zealand, Delta Air Lines, Etihad Airways and Singapore Airlines.

Virgin Australia has developed an extensive flight network across regional Australia and provides charter and cargo services. It operates a modern fleet of around 140 aircraft that includes Airbus A330, Airbus A320, Boeing 777, Boeing 737, Embraer 190, ATR-72 turboprop and Fokker 100 aircraft.

To find out more about Virgin Australia please visit www.virginaustralia.com.

For more information contact:

Kristyn Mealing

+61 438 476 909

Kristyn.Mealing@virginaustralia.com

About Alliance

Alliance Aviation is Australia's leading provider of contract and ad hoc air charter services.

The Company provides essential services to mining, energy, tourism and government sectors and holds Flight Safety Foundation "BARS Gold" status, the first such carrier in Australia to be so recognised.

Alliance operates a fleet of 15 Fokker 100, 8 Fokker 70LR jet aircraft and 5 Fokker 50 turboprops at world leading on time performance and despatch reliability.

The Company has a national footprint with operations based in Brisbane, Townsville, Cairns, Melbourne, Adelaide, Perth and Auckland.

For more information contact:

Scott McMillan

Managing Director

Alliance Aviation Services Limited

+61 7 3212 1201