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**Media Release**

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20 July 2010

**SKYWEST AIRLINES LTD**  
("Skywest")

**VIRGIN BLUE CODE SHARE**

Skywest is the major airline servicing all major airports and population centres of Western Australia. Skywest's operational base is in Perth, Australia with a substantial airline network services from Perth. Skywest wishes to advise on an arrangement with Virgin Blue concerning codeshare of airline services.

The full text of the Virgin Blue Group and Skywest Airlines (Australia) Pty Ltd press release follows:

The Virgin Blue Group of Airlines and Skywest Airlines (Australia) Pty Ltd today announced that they have reached an in principle agreement for a reciprocal codeshare in Western Australia.

Virgin Blue Airlines Chief Executive Officer John Borghetti said the agreement would allow the airlines to develop a closer, more strategic commercial relationship.

The first phase of this agreement means that Virgin Blue customers will have access to an expanded network in Western Australia to include destinations such as: Albany, Esperance, Geraldton, Exmouth, Carnarvon, Monkey Mia and Kalbarri. This planned expansion of the codeshare agreement will more than double the routes on which the airlines co-operate. Ports already covered by the agreement include: Broome, Kununurra, Karratha and Kalgoorlie.

These additional flights will appeal to the corporate and leisure sectors with full interline capability of baggage; and the ability of our Velocity members to earn and burn points on Skywest flights.

"The parties will also seek to explore opportunities to coordinate schedules, develop joint marketing programs and submit joint tenders for new business opportunities, subject to obtaining any necessary regulatory approval " he said.

Mr Borghetti said that the agreement, which would be the first of its kind between Virgin Blue and another Australian domestic airline, would include benefits such as:

- A broader network offering to service the mining sector and for leisure travellers;
- Integration of Skywest flights into Velocity, the loyalty program of Virgin Blue; and
- Joint Lounge access for eligible Skywest guests.

Skywest Airlines (Australia) Pty Ltd Chief Executive Officer Mark Shelton said that the agreement extended a three-year relationship.

"We're proud to be joining forces with Virgin Blue to enable guests to board a Virgin Blue flight in Sydney to Perth and then transfer to a Skywest flight.

"We are also pleased to be able to offer our customers' access to Virgin Blue's Lounge and Velocity loyalty program benefits," Mr Shelton said.

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