

6 February 2014

Mr Adrian Smythe
Manager, Listings Compliance
ASX Compliance Pty Ltd
20 Bridge Street
SYDNEY NSW 2000
Email: Adrian.Smythe@asx.com.au

Dear Mr Smythe

Response to ASX Price Query (ASX: VAH)

We refer to your letter dated 5 February 2014. In relation to the questions raised, we advise as follows:

1. VAH is not aware of any information concerning it that has not been announced to the market which could explain the recent trading in VAH securities.

In relation to earnings for the six month period ending on 31 December 2013 (**2014 Half Year**):

- a. VAH has not given any earnings guidance for the period.
 - b. VAH currently has a small free float of approximately 25.8 per cent (~907.1m shares) (not accounting for economic interests held by or on behalf of airline shareholders) of its total issued share capital. As a result, covering broker analysts have been typically slow in updating their forecasts for VAH in response to any new market, company or industry information. We understand this is due to the limited availability of stock trading in VAH. Having said that, the median forecast for all covering broker analysts who have published 2014 Half Year forecasts is a loss before tax (**LBT**) of \$49 million. VAH expects that its LBT for the 2014 Half Year (excluding share of Tigerair losses and other one-off restructuring costs) will be materially in line with the median forecast for all covering broker analysts of a \$49 million LBT.
2. Not applicable.
 3. VAH notes that there are potentially a number of other factors which may have contributed to the increased trading activity and share price declines, including:
 - a. The volatility in worldwide markets over the last 48 hours may have had a flow on impact on local markets, with a trend for selling down cyclical stocks.
 - b. The Australian listed aviation sector over the last 48 hours has seen significant volatility and price declines, including our major competitor which has also experienced a material decrease in its share price (down 5.1%).
 - c. The announcement by Virgin Atlantic that it intends to withdraw operations between Sydney and Hong Kong from May 2014, citing increasing costs and a challenging economic environment. We have received feedback that this has caused some confusion in the market with people mistakenly assuming that Virgin Atlantic is the same entity as VAH.
 4. VAH is in compliance with the Listing Rules, including Listing Rule 3.1.

Yours sincerely



Adam Thatcher
Company Secretary



ASX Compliance Pty Limited
ABN 26 087 780 489
20 Bridge Street
Sydney NSW 2000
PO Box H224
Australia Square NSW 1215

Telephone 61 2 9227 0640
Facsimile 61 2 9241 7620
www.asx.com.au

5 February 2014

Mr Adam Thatcher
Company Secretary
Virgin Australia Holdings Limited
56 Edmonstone Road
Bowen Hills QLD 4006

By email

Dear Adam

Virgin Australia Holdings Limited (the "Entity"): ASX price query

We have noted a change in the price of the Entity's securities from a close of \$0.35 on 3 February 2014 to a low of \$0.28 today at the time of writing.

We also note an increase in the trading volume of the Entity's securities today.

In light of the price decrease and volume increase, ASX asks you to respond separately to each of the following questions:

1. Is the Entity aware of any information concerning it that has not been announced to the market which, if known by some in the market, could explain the recent trading in its securities?

In responding to this question, please consider in particular whether the Entity is aware of any information that its earnings for the 6 month period ending on 31 December 2013:

- a) are likely to differ materially (downwards or upwards) from any earnings guidance it has given for the period; or
- b) if the Entity has not given any earnings guidance for the period, are otherwise likely to come as a surprise to the market (by reference to analyst forecasts for the period or, if the Entity is not covered by analysts, its earnings for the prior corresponding period)?

2. If the answer to question 1 is "yes":

- a) Is the Entity relying on Listing Rule 3.1A not to announce that information under Listing Rule 3.1?

Please note that the recent trading in the Entity's securities would suggest to ASX that such information may have ceased to be confidential and therefore the Entity may no longer be able to rely on Listing Rule 3.1A. Accordingly, if the answer to this question is "yes", you need to contact us immediately to discuss the situation.

- b) Can an announcement be made immediately?

Please note, if the answer to this question is "no", you need to contact us immediately to discuss requesting a trading halt (see below).

- c) If an announcement cannot be made immediately, why not and when is it expected that an announcement will be made?
3. If the answer to question 1 is "no", is there any other explanation that the Entity may have for the recent trading in its securities?
4. Please confirm that the Entity is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.

When and where to send your response

This request is made under, and in accordance with, Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by not later than half an hour before the start of trading (ie before 9.30 a.m. AEDT on Thursday, 6 February 2014. If we do not have your response by then, ASX will have no choice but to consider suspending trading in the Entity's securities under Listing Rule 17.3.

You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, the Entity's obligation is to disclose the information "immediately". This may require the information to be disclosed before the deadline set out in the previous paragraph.

ASX reserves the right to release a copy of this letter and your response on the ASX Market Announcements Platform under Listing Rule 18.7A. Accordingly, your response should be in a form suitable for release to the market.

Your response should be sent to me by e-mail at adrian.smythe@asx.com.au. It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

Listing Rule 3.1

Listing Rule 3.1 requires a listed entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities. Exceptions to this requirement are set out in Listing Rule 3.1A.

The obligation of the Entity to disclose information under Listing Rules 3.1 and 3.1A is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

In responding to this letter, you should have regard to the Entity's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*.

Trading halt

If you are unable to respond to this letter by the time specified above, or if the answer to question 1 is "yes" and an announcement cannot be made immediately, you should discuss with us whether it is appropriate to request a trading halt in the Entity's securities under Listing Rule 17.1.

If you wish a trading halt, you must tell us:

- the reasons for the trading halt;
- how long you want the trading halt to last;
- the event you expect to happen that will end the trading halt;
- that you are not aware of any reason why the trading halt should not be granted; and
- any other information necessary to inform the market about the trading halt, or that we ask for.

We may require the request for a trading halt to be in writing. The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted.

You can find further information about trading halts in Guidance Note 16 *Trading Halts & Voluntary Suspensions*.

If you have any queries or concerns about any of the above, please contact me immediately.

Yours sincerely

[Sent electronically without signature]

Adrian Smythe

Manager, Listings Compliance