

CLAYTON UTZ

Sydney Melbourne Brisbane Perth Canberra Darwin Hong Kong

Dr Richard Chadwick
General Manager, Adjudication
Australian Competition and Consumer
Commission
23 Marcus Clarke Street
Canberra ACT 2601

26 August 2011

Our ref: 217/80123677

By email - richard.chadwick@accc.gov.au

Dear Dr. Chadwick

Virgin Australia and Singapore Airlines - Applications for Authorisation

1. We are instructed by Singapore Airlines Limited and SilkAir (Singapore) Private Limited (together **Singapore Airlines**).
2. We refer to the applications (the **Applications**) made on 20 June 2011 by Singapore Airlines and Virgin Australia Airlines Pty Ltd, Virgin Australia International Airlines Pty Ltd, Pacific Blue Airlines (NZ) Limited, Pacific Blue Airlines (Aust) Pty Ltd, and Velocity Rewards Pty Ltd (together **Virgin Australia**) and to the letter from Gilbert + Tobin to you dated 21 July 2011.
3. As you are aware, Singapore Airlines currently has an interest of 32.8% in Tiger Airways Holdings Limited (**Tiger Holdings**). Tiger Holdings is a holding company for two wholly-owned subsidiaries: Tiger Airways Australia Pty Ltd (**Tiger Australia**) and Tiger Airways Singapore Pte Ltd (**Tiger Singapore**). In this letter, Tiger Holdings, Tiger Singapore and Tiger Australia are collectively referred to as the **Tiger Group**.

Rights Issue by Tiger Holdings

4. On 25 August 2011 Tiger Holdings announced the terms of a renounceable rights issue to raise approximately S\$155.2 million (after deducting estimated expenses of approximately S\$3.4 million) (**Rights Issue**).
5. Singapore Airlines has entered into an undertaking agreement (**Undertaking Agreement**) in connection with the Rights Issue. Pursuant to the Undertaking Agreement, Singapore Airlines will subscribe and pay, or procure the subscription and payment of, in full its pro-rata entitlement under the Rights Issue and such excess rights which are not subscribed by other shareholders up to 134,239,574 of the shares to be issued under the terms of the Rights Issue (**Proposed Transaction**).
6. If Singapore Airlines acquires the maximum number of shares potentially available to it under the Rights Issue, its interest in the total enlarged issued share capital of Tiger Holdings will represent 49.1% of the enlarged issued share capital.

7. The Rights Issue is subject to, inter alia, the approval of the shareholders of Tiger Holdings at an extraordinary general meeting to be convened by Tiger Holdings and the receipt of applicable approvals from regulatory authorities. No informal clearance is being sought from the Commission in relation to Singapore Airlines' participation in the Rights Issue or the Proposed Transaction.
8. Temasek Holdings (Pte) Ltd, which is the largest shareholder in Singapore Airlines¹, has, through an indirect wholly owned subsidiary, Dahlia Investments Pte Ltd (**Dahlia**), a direct interest of 7.4%² in Tiger Holdings. Dahlia has also entered into an undertaking agreement with Tiger Holdings in connection with the Rights Issue. Pursuant to its undertaking agreement, Dahlia will subscribe and pay, or procure the subscription and payment of, in full its pro-rata entitlement under the Rights Issue and such excess rights which are not subscribed by other shareholders, provided that its interest in the total enlarged issued share capital of Tiger Holdings does not exceed 7.6%.
9. Pursuant to the Undertaking Agreement between Singapore Airlines and Tiger Airways Holdings, Tiger Holdings has agreed that, subject to Rule 877(10) of the SGX-ST Listing Manual³, in the allotment of any excess rights shares, preference shall be given to Singapore Airlines and Singapore Airlines' excess rights commitment shall always be satisfied in full prior to the satisfaction of any application by Dahlia for excess rights shares.
10. Tiger Holdings intends to utilise the net proceeds from the Rights Issue to partially fund the pre-delivery and final delivery payments for purchase of its committed orders of aircraft which are expected to be delivered by the end of 2015. Tiger Holdings believes that the Rights Issue increase Tiger Holdings' capital base, strengthen its balance sheet and provide Tiger Holdings with greater financial flexibility to pursue future opportunities.
11. The undertaking given by Singapore Airlines will enable it to remain as a major shareholder in Tiger Holdings and is consistent with Singapore Airline's commitment of supporting the Tiger Group. Singapore Airlines is confident of the long-term prospects of Tiger Airways in the low-cost segment of the aviation industry and is committed to long term growth.

No impact on Applications

12. The Proposed Transaction should not impact on the Commission's consideration of the Applications.
13. The increased interest of Singapore Airlines in Tiger Holdings will not create any relationship between any company within the Tiger Group and Virgin Australia, nor will it create any interest by the Tiger Group in Virgin Australia.
14. As a result of the Rights Issue there will be no change to the operations or management of Tiger Australia, in particular:

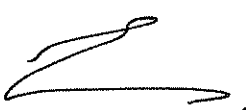

¹ Holding a 54.9% interest as at 30 June 2011

² As at 30 June 2011

³ Pursuant to Rule 877(10) of the SGX-ST Listing Manual, Tiger Airways must, as part of its application for the listing and quotation of the rights shares, provide the SGX-ST with a written confirmation that its directors and substantial shareholders (such as Singapore Airlines and Dahlia) will rank last in priority in the allotment of any excess rights shares

- (a) Tiger Australia will remain a wholly-owned subsidiary of Tiger Holdings. There will be no change to the Tiger Holdings' investment in Tiger Australia following the Rights Issue;
 - (b) the Tiger Group will remain an entirely separate brand from Singapore Airlines;
 - (c) Singapore Airlines will continue to have no management control over the Tiger Group;
 - (d) the board of Tiger Holdings will remain as currently constituted; and
 - (e) Singapore Airlines will have no codeshare or interline relationship with the Tiger Group.
15. In addition:
- (a) the Alliance documentation provides for quarantining of confidential information⁴ so that Virgin Australia confidential information is not available to Tiger Australia, and vice versa; and
 - (b) information about companies within the Tiger Group, which is received by a director of Tiger who is nominated by Singapore Airlines in his capacity as a director of Tiger Group, cannot be shared by him with Singapore Airlines because of the fiduciary duties which are imposed on him as a director. Further, such information could not be disclosed by that director to Virgin Australia.

Yours sincerely



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⁴ see clauses 6, 15.3 and 15.4