Virgin Blue Orders Boeing 777-300ERs to Initiate Long-Haul Service

Airline also exercises options on Next-Generation 737-800s

The Boeing Company [NYSE: BA] and Virgin Blue Holdings, Ltd., today confirmed that the Brisbane-based company has ordered six Boeing 777-300ER (Extended Range) jetliners, with options for six more, and will lease one additional 777-300ER. The new airplanes will allow Virgin Blue to establish its new long-haul airline, providing service from Australia to the United States and other destinations.

The six-airplane order is valued at US$1.5 billion at list prices. Virgin Blue currently operates an all-Boeing fleet of 53 Next-Generation 737s.

In addition, Boeing said that Virgin Blue had exercised options for five 737-800s that were attributed to an unidentified customer on Boeing's Orders and Deliveries Web site in late 2006. These airplanes are valued at $350 million.

"We've had great success with the Next-Generation Boeing 737 aircraft and we did extensive research into the selection of aircraft type for our new long-haul operation. The 777-300ER has proven its economic leadership and reliability, and these traits are crucial as we move out to build our new international product," said Brett Godfrey, Virgin Blue's CEO. "The 777 has an outstanding reputation and is well known for its spacious cabin and high levels of passenger comfort, and we are confident it is the best aircraft for our new airline."

Virgin Blue stated during its recently announced half-yearly results that the new long-haul operation would begin with a limited network initially focusing on the United States, using a business model similar to its current value-based operation. The airline noted that it already has the regulator approval process under way.

"This order propels our relationship with Virgin Blue to a new level," said Craig Saddler, president, Boeing Australia. "We were there from the very start of Virgin Blue operations in August 2000 and we are excited to be standing beside Virgin again as the airline enters a new phase of innovation and growth. These new 777-300ERs will help establish its new value-based, long-haul operation as a winner. We are also very pleased to continue deliveries of 737s to support Virgin Blue's domestic network."

The 777 family of airplanes is popular with passengers and airlines alike due to its fuel-efficient twin-engine design, high reliability, low operating costs, and comfortable and spacious interior. The 777-300ER nominally carries 365 passengers up to 7,880 nautical miles (14,594 kilometers).

Since entering into service in 2004, the overall fuel efficiency of the 777-300ER has improved by 3.6 percent through a combination of improved fuel burn in service and enhancements to the airplane. In addition, the range of the 777-300ER has increased by 630 nautical miles since entry into service.

With this order, 49 airlines have ordered 924 Boeing 777s. The 777 family of airplanes is the market leader in the 300-to-400-seat segment, consistently capturing more than 65 percent market share. Boeing has continued to grow the 777 family with the recent introduction of two, new longer-range models - the 777-300ER and 777-200LR - and a freighter model currently in development.

Through the end of January 2007, Boeing has sold 6,831 737s to 240 customers.

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