

Subject: Update

Dear Colleagues

I would like to wish you all a happy new year and take this opportunity of sharing important information with you.

1. Re-Start - we have submitted a detailed restart plan to the DGCA which is in two parts. The first part deals with a limited re-start utilising 7 aircraft ramping up to 21 aircraft in 4 months. The second part is a full scale rehabilitation of our Airline growing to 57 aircraft within 12 months of recapitalization. Both plans contain detailed information on key assumptions and funding requirements including payment of outstanding salaries to employees.
2. Funding - The limited re-start plan which we target for the beginning of the 2013 summer schedule requires funding of approximately Rs. 650 crores which is committed to be provided by The UB Group and associates.
3. DGCA - we have met with the DGCA and are in the process of submitting additional data and no-objection letters from key vendors as required by them. The factual position is that the Civil Aviation Regulations provide for a time period of upto two years to renew an Airline's scheduled operating permit from the date of expiry. We are on safe ground here. We will make all necessary efforts to satisfy the DGCA in order to secure renewal of our AOP.
4. Banks - we are meeting with our consortium of banks regularly and keeping them fully informed every step of the way. They have requested our urgent attention to certain overdues which we are addressing with them. The banks have been very co-operative and patient. There has been no discussion at all on recall of loans, enforcement of securities, etc.as reported in the media. On the contrary, the banks have expressed their keen desire to see Kingfisher fly again.
5. Prospective Investors - we have been in discussion with prospective strategic as well as financial investors for over a year. A large part of any investment decision hinged upon the Government's policy of FDI in Aviation by foreign Airlines. This new dispensation was announced on September 14, 2012 until which time discussions were stalled. The Aviation Industry in India is a seriously complex one including high costs resulting from excessive taxation and monopolies. Investors need to be convinced about the long term prospects of their proposed investment in Kingfisher and this takes time. Please rest assured that we are in discussion with multiple investors and remain confident that we will secure a deal.
6. Media - as you know, the media has continued their negative reporting on Kingfisher. I would urge each one of you to be particularly careful in any interaction you may have with them. Unfortunately, considerable management time is spent correcting or clarifying media reports than in transactional discussions.

I appeal to each one of you to stand together in solid support of your organisation. We need to single mindedly focus on being back in the air and to win back the confidence of our loyal guests.

Best Regards,

Vijay Mallya

Member of Parliament

Chairman and Managing Director

KINGFISHER AIRLINES LIMITED

A UB Group Company