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MEDIA RELEASE

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SOLOMON AIRLINES OUTSOURCES SECTIONS of NON-CORE ACTIVITIES

Solomon Airlines announced today that it will be closing down some of its non-core activities and outsourcing work previously done by these departments to local enterprises.

As a State Owned Enterprise operating as a commercial entity, one of the major challenges of the new Business Plan of Solomon Airlines is to review its core business and embark on a major change in the way it has been doing business in the past years, and align it accordingly with an appropriate organization structure and staffing requirement.

In line with the ongoing recovery and restructure plans and the new Business Plan 2010-2012 of Solomon Airlines which has been vetted and approved by the Board, the airline advised that the Property and Maintenance Department as well as the Mechanical Workshop Sections have recently been abolished, and the functions and activities now outsourced to local contractors. Consequently, the employees of these areas are being paid out as part of a redundancy package.

As is well known to us all, the airline said, increased competition and pressures for improvements to services, infrastructure and equipment, as well as improved work practices and performances; downsizing and re-organisation have become a necessary part of business for most companies throughout the world, including the aviation industry. Major carriers such as British Airways, Qantas and Virgin Blue including Air Pacific have recently experienced major reorganisations and downsizing, resulting in employees being laid off.

Other reviews will continue throughout the Company on an ongoing basis so as to compliment the airlines' business improvement strategy.

The Board and Management have identified one of the major issues within Solomon Airlines as the need to "make change happen".

Pressures on all airlines' business models include "change" as one of the integral requirements to remain viable and Solomon Airlines is not unique in its endeavours to maintain a strong aviation business model within a committed service Industry.