

22 November 2013

**Private and confidential**

Mr Ian Curry  
Chairman  
Australian Shareholders' Association  
Level 3, Suite 301  
90 Pitt Street  
Sydney NSW 2000

And by email: [iancurry@asa.asn.au](mailto:iancurry@asa.asn.au)

Dear Mr Curry

**Re: Statements made by Mr Stephen Mayne in reference to Ms Samantha Mostyn**

As you are no doubt aware, Mr Stephen Mayne attended the Annual General Meeting of Virgin Australia Holdings Limited (**Virgin Australia**) on 20 November 2013 as a representative of the Australian Shareholders' Association (**ASA**).

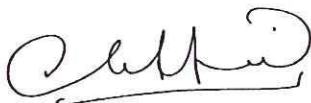
I have attached for your attention, an extract from the transcript of that meeting which sets out certain comments Mr Mayne made in relation to one of Virgin Australia's directors, Ms Samantha Mostyn. I should say that I found the tenor of Mr Mayne's questions to both our independent directors who were up for re-election quite distasteful. Please note that neither of those directors have asked me to write this letter but I feel compelled to bring this matter to your attention.

Mr Mayne's comments clearly called the integrity of Ms Mostyn into question without basis and as such were inappropriate and offensive. The Board of Virgin Australia understands that the ASA have a legitimate role to play in representing the interests of retail shareholders, however, it is unacceptable that Mr Mayne has used the platform given to him as a representative of the ASA to make false and injurious statements about Ms Mostyn without any basis.

Accordingly, I believe it is appropriate that an unreserved and public apology be forthcoming from the ASA in relation to these comments and I would expect that such apology would be made within the next two days.

I would be pleased to discuss this matter with you further given that we have historically had an amicable relationship with the ASA.

Yours faithfully,



Neil Chatfield  
Chairman, Virgin Australia Holdings Limited

## EXTRACT OF VIRGIN AUSTRALIA AGM TRANSCRIPT

Question: (Stephen Mayne, Australian Shareholders Association, Spokesperson)  
Thanks, Chair. Look, ASA's original voting intentions report was obviously in favour of Sam, as it was with David. We then changed that to be an undecided position. So we'll be deciding after the discussion today. Clearly, Sam was in a very invidious position where, in effect, she was - her contract was up. She was looking for a new three year, \$400,000 contract, which is what shareholders are approving today because she's on \$127,000 a year; assume CPI, it's a three year term. So, effectively, if re-elected today - unless the Company is privatised, as some people think it will be - it'll be a \$400,000 three year contract.  
Can Sam please address the question of how she was able to stand up for independent retail shareholders at the same time as she was negotiating with three block shareholders when she knew her destiny on this Board was in their hands today?

Neil Chatfield: Well, Stephen, I think that's not a question I would have asked. I think...

Question: (Stephen Mayne, Australian Shareholders Association, Spokesperson)  
You're the Chairman.

Neil Chatfield: Yes, well, I don't think that's necessary, Sam. I know, Stephen, you're making the point. You're not calling Sam's integrity into account here. Let me just explain to you though how - and I think this capital raising - and you've raised a whole series of comments around that as it relates to Sam. Sam was in every meeting and made a very, very relevant contribution to all the discussions about how do we ensure this is the fairest possible decision and route for the Company to take in terms of its shareholders.

Sam is a great advocate of corporate governance, and she plays a major role in challenging those sorts of issues for us, as do other Board members. So you've got to take it from me that I think her role in being part of this decision making process has been one that is absolutely aligned with shareholder value creation, and I think that she's a worthy Director. Sam - I think Sam does want to say something, but let me say

that calling it as it is, Sam is just a fantastic contributor, and I don't think calling her integrity into question is good form, frankly.

Sam Mostyn:

Stephen, I'll regard the question as one that doesn't go to integrity in the interests of giving you an answer that I think I want all shareholders to hear. It starts with something I believe firmly, which is I think every Directors' meeting dealing with any matters involving all shareholders could actually be open to the public and to shareholders to actually examine the way in which Directors undertake and contribute to the way in which decisions are taken.

The tenor of your question suggests that somehow Directors are sitting around trying to game their employment with the Company against shareholder interests. Until you raised the correlation or the connection between decisions taken on capital raisings, or any other decision we've taken in a year leading up to my seeking of re-election, it's the first time I've ever even considered there to be a connection.

The independent Directors don't approach the governance role from that perspective, we're at the behest of shareholders we deploy our skills around the table to protect the interests of all shareholders. There may be decisions that, in the case of the ASA, you don't agree with, but that doesn't mean that our intent was to squeeze out shareholders or do anything inappropriate for those retail shareholders who actually do have a voice at the table through the independent Directors.

So, in my experience, there is no part of me that would regard my role as a Director - and any idea that I would be seeking to extend my employment with the Company through decisions we take as a Board - it's beyond comprehension to me. So I put at the heart of - and I said in my address - good corporate governance is about protecting the interests of shareholders whom I represent as I sit in those meetings, and I have done that in every matter that I've been party to in this Company.

Question:

(Stephen Mayne, Australian Shareholders Association, Spokesperson)  
Okay. Just a final comment on - look, I don't wish to impugn the individual integrity of any Director. I'm just pointing out the invidious position and the reality of the voting blocks that exist at this Company, and trying to deal with what we regard as an oppressive structure of a





capital raising. The history of this is that retail investors as a class were diluted out of more than \$10 billion worth of share value in the capital-raising deluge after the GFC. I think it's fair enough to say that in light of that fact, we're as mad as hell and we're not going to take it anymore. So we want to see Directors who are thumping the table and structuring capital raisings to protect our interests.