

16th October 2006



ASX RELEASE

Voluntary Disclosure - Defamation Proceedings Resolved

On 24 May 2006, Virgin Blue advised that defamation proceedings against Nationwide News Pty Limited had been commenced in the Supreme Court of New South Wales as a result of articles published in *The Australian* on 20 and 22 May 2006 and the Northern Territory News on 23 May 2006.

Virgin Blue now advises that those defamation proceedings have been resolved following acceptance of an offer of amends to Virgin Blue CEO, Mr Brett Godfrey, and Company Secretary, Mr Scott Swift.

Mr Godfrey accepted a published apology in *The Weekend Australian* (14 October 2006) and Northern Territory News (16 October 2006), payment of a \$10,000 donation to the airline's charity, Red Jet Foundation, and payment of reasonable costs in relation to the matter.

Nationwide News Pty Ltd has made the following apology to Mr Godfrey and Mr Swift:

Apology to Virgin Blue Executives

On 20 and 22/23 May 2006, *The Australian / NT News* published articles / an article about Virgin Blue's alleged involvement in an Australian Taxation Office investigation of an alleged GST avoidance scheme. The article/s suggested that Brett Godfrey lured ILFC Inc., a US company, into the alleged GST avoidance scheme for personal gain.

In fact, Mr Godfrey recommended to ILFC that it consider a tax planning structure and in so doing he was not motivated by personal gain. *The Australian / NT News* accepts that Mr Godfrey was not the subject of the ATO investigation which reviewed the compliance of ILFC Inc. *The Australian / NT News* is glad to correct the article/s and apologises to Mr Godfrey for any embarrassment caused.

Some readers of the same article/s may have inferred that Scott Swift deliberately destroyed documents relating to a tax avoidance scheme, after that scheme became the subject of an ATO investigation into allegations of tax avoidance by two other companies, ILFC Australia Pty Limited and Interlease Aircraft Trading Corporation Inc.

The Australian / NT News accepts that Mr Swift did not engage in any conduct which was improper and further accepts that Virgin Blue complied fully with ATO requests for information.

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