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Employee Update 1



An update for former Ansett employees

Update 01
25 September, 2002

Dear former employee,

This is a new format that has been introduced to provide information directly to former Ansett employees. Please feel free to distribute it amongst your contacts.

NEWS RE EMPLOYEE ENTITLEMENT PAYMENTS: As per the Third Report to Creditors released last week, we are aiming to pay further employee entitlements in quarterly instalments starting this Christmas.

Payments To Date

The latest estimate of total gross employee entitlements is \$735.8 million, a slight increase on the previous estimate. To date, we have paid former employees more than \$370 million in employee entitlements including:

- 100% of annual leave monies unpaid at the time of the Group's collapse;
- 100% of accrued long service leave unpaid at the time of the Group's collapse;
- 100% of pay in lieu of notice, "Z" days and other days owed as applicable; and
- An initial across the board redundancy payment capped at 8 weeks.

Payments To Come

We caution that our ability to make further redundancy payments will depend on the outcome of court proceedings concerning the Ansett Ground Staff Superannuation Fund – potentially a cost of up to \$200 million which may need to be paid before we pay you.

If by December, we do not have to pay any amounts to the Ground Staff Fund, we have forecast the payment of redundancy entitlements greater than 8 weeks, in instalments as follows:

- Instalment 1: 10% of redundancy greater than 8 weeks, by Christmas, 2002 (expected to cost \$220 million including Federal Government loan repayment).
- Instalment 2: 5% of redundancy greater than 8 weeks, by March 2003 (expected to cost \$26 million including Federal Government loan repayment).
- Instalment 3: 5% of redundancy greater than 8 weeks, by June 2003 (expected to cost \$26 million including Federal Government loan repayment).

The 3 instalments would take the total **average** employee entitlement payment to **the Ansett group of employees**, of annual leave, long service leave, payment in lieu of notice and redundancy to 62% of their total entitlements.

We continue to aim, over time, to pay total payments of up to 92%, on average. However this will not happen if there is an adverse result from the pending superannuation court proceedings and if sales of remaining assets (including aircraft for sale in the currently depressed world aircraft market) do not reach target values.

Estimated Total Return To Individual Employees

Returns to individual employees will differ depending on individual circumstances such as years of service and leave balances outstanding. Please note that the 62% does **not** refer to each individual employee, and does **not** mean payment of “62% of redundancy pay yet to come”. The 62% return is an average return only.

Estimated Return on Redundancy Greater Than 8 Weeks To Individual Employees

The 3 instalments outlined above mean that we are aiming to pay each employee 20% of their redundancy greater than 8 weeks by June 2003.

Should we continue to realise assets as estimated in the Third Report to Creditors, and if aircraft sales realise \$200m, then 83% of each individual’s redundancy greater than 8 weeks is forecast to be paid by the end of the administration.

Illustrative Example

Following is a example of our forecasts regarding further redundancy payments based on a employee with a **total** employee entitlement of \$10,000. We have disclosed a detailed example in an effort to comprehensively address all queries received in relation to the estimated returns to employees.

ILLUSTRATIVE EXAMPLE – PAYMENTS AND RETURNS TO EMPLOYEES

Total Employee Entitlement Quote (before tax)	\$10,000
Amount Already Paid	\$5,298
Redundancy Greater Than 8 Weeks to be Paid Via Instalments	\$4,702

The Total Employee Entitlement Quote is Forecast to be Paid as Follows:

	Instalment	Payment	Total Return To You	Total Paid To You
Entitlements Already Paid	100% of AL, LSL, Pay in Lieu of Notice and 8 weeks redundancy	\$5,298	53% of the total \$10,000 quote	\$5,298
Instalment 1 December 2002*	10% of the \$4,702 redundancy greater than 8 weeks	\$470	58% of the total \$10,000 quote <i>(10% of the \$4,702 redundancy greater than 8 weeks)</i>	\$5,768
Instalment 2 March 2003*	5% of the \$4,702 redundancy greater than 8 weeks	\$235	60% of the total \$10,000 quote <i>(15% of the \$4,702 redundancy greater than 8 weeks)</i>	\$6,003
Instalment 3* June 2003	5% of the \$4,702 redundancy greater than 8 weeks	\$235	62% of the total \$10,000 quote <i>(20% of the \$4,702 redundancy greater than 8 weeks)</i>	\$6,238
When remaining businesses, property, engines, spares and rotables are sold	Estimated 26% of the \$4,702 redundancy greater than 8 weeks	\$1,223	74% of the total \$10,000 quote <i>(46% of the \$4,702 redundancy greater than 8 weeks)</i>	\$7,461
When \$150 million worth of aircraft are sold	Estimated 28% of the \$4,702 redundancy greater than 8 weeks	\$1,316	88% of the total \$10,000 quote <i>(74% of the \$4,702 redundancy greater than 8 weeks)</i>	\$8,777
If aircraft are sold for \$200 million (an extra \$50m)	Estimated extra 9% of the \$4,702 redundancy greater than 8 weeks	\$423	92% of the total \$10,000 quote <i>(83% of the \$4,702 redundancy greater than 8 weeks)</i>	\$9,200

***** The above forecasted returns can only be made if we do not have to pay any amounts to the Ground Staff Superannuation Fund**

EMPLOYEE HELP LINE: If you require further information, please do not hesitate to contact the Employee Hotline on 1800 151 604.

VISIT THE REVISED ANSETT WEB SITE: If it has been some time since you visited the Ansett Australia web site, you will notice significant changes on www.ansett.com.au. The web site has been reviewed and redesigned to provide continually updated information regarding the ongoing Ansett Administration.

ASSET SALES: In the 12 months since Ansett's collapse, the administration has raised \$630 million gross (\$98.1 million of assets sold are pending settlement). **Sold are:**

- Ansett's interests in major domestic airport terminals – Sydney, Melbourne, Brisbane, Adelaide, Perth, Canberra, Launceston, Hobart
- Ansett interests in regional and other airports
- 78 aircraft have been sold, leased or redelivered
- Ansett freehold property including land, buildings, Melbourne headquarters and a number of special purpose facilities
- Subsidiary businesses including:
 - Skywest
 - Aeropelican
 - Kendell Airlines
 - Ansett International Cargo Handling
- Office furniture, IT and PC equipment sold through major auctions
- Ansett vehicles, trucks, tugs, airport ground service vehicles
- Surplus engineering equipment not required for maintenance of remaining aircraft fleet.

Yet to be sold are:

- 43 aircraft including Boeing 767s, Airbus A320s, British Aerospace BAe146s
- A further 13 aircraft currently under negotiation
- Simulators, engines, spare parts and rotables
- Remaining property interests
- The Ansett Australia brand, other trademarks and brand names owned by the Ansett Group
- A collection of more than 5,000 pieces of original memorabilia



Mark Korda
Administrator



Mark Mentha
Administrator



EMPLOYEE UPDATE 02

07 October, 2002

Dear former employee,

FURTHER EMPLOYEE ENTITLEMENTS CALCULATOR: As mentioned at the Third Meeting of Creditors, a further employee entitlements calculator (“Ready Reckoner”) with attached examples, is now available to former employees on the Ansett website (www.ansett.com.au).

To access the site and use the Ready Reckoner

- Go to www.ansett.com.au
- Click on the tab “**Staff Information**” at the top of the home page
- Enter the password *anpeople*
- Look for a link on the staff homepage which will take you directly to the “Ready Reckoner” which looks like this:

The screenshot shows the Ansett Australia website with the 'Further Redundancy Payments Ready Reckoner' calculator. The page includes a navigation menu on the left and a main content area with a table for inputting redundancy data.

ANSETT AUSTRALIA
A website for creditors and staff of the Ansett Australia Group of Companies (subject to deed of company arrangement)

creditor information | staff information | administration timeline | ansett museum | home

in these pages: Staff Homepage, Former Employees, Employee Update, Current Employees, Resignation & Redundancy, Superannuation, Logout

Further Redundancy Payments Ready Reckoner

From your redundancy quote, key in the following fields, ensuring you type in **Gross** numbers.

	Reference		
Total BRP Redundancy Entitlement	A	\$	<input type="text"/>
Total PRE BRP Redundancy Entitlement	B	\$	<input type="text"/>
Total Management Redundancy Entitlement	C	\$	<input type="text"/>
Annual Leave	D	\$	<input type="text"/>
Long Service Leave	E	\$	<input type="text"/>
Z Days	F	\$	<input type="text"/>
DIL/TIL	G	\$	<input type="text"/>
Payment in Lieu of Notice	H	\$	<input type="text"/>
Redundancy Payment Capped @ 8 Weeks	I	\$	<input type="text"/>
		Clear	Calculate Now
Redundancy Greater Than 8 Weeks		\$	<input type="text"/>
Instalment 1: 10% of Redundancy Greater Than 8 Weeks		\$	<input type="text"/>
Instalment 2 and 3: 5% of Redundancy Greater Than 8 Weeks		\$	<input type="text"/>

Note: The ability to make the instalments highlighted above will depend on the outcome of court proceeding concerning the Ansett Ground Staff Superannuation Fund

For an example of a redundancy quote and all references outlined above, [click here](#)

Once you have entered your own details in all of the required fields it will produce an individualised quote which will look like this:



ANSETT AUSTRALIA (Subject To Deed Of Company Arrangement)

Employee Name
 Service Date
 Exit Date
 Employee ID

THIS WILL BE PAID PURSUANT TO THE FEDERAL GOVERNMENT SEESA*						
				GROSS	TAX	NET
LEAVE PAYMENTS						
ANNUAL LEAVE + LOADING	120.5410	Hrs	D	\$3,023.15	\$952.29	\$2,070.86
LONG SERVICE LEAVE	279.1750	Hrs	E	PART OF SEVERANCE PAYMENT		
Z DAYS	40.4252	Hrs	F	\$862.86	\$271.80	\$591.06
DIL / TIL	0.0000	Hrs	G	\$0.00	\$0.00	\$0.00
SEVERANCE PAYMENT						
PAYMENT IN LIEU OF NOTICE			H	\$3,201.68	***\$0.00	\$3,201.68
REDUNDANCY PAYMENT CAPPED @ 8 WEEKS			I	\$12,362.22	\$0.00	\$12,362.22
TOTAL SEESA REDUNDANCY ENTITLEMENT				\$19,449.91	\$1,224.09	\$18,225.82

If you are having trouble using the Ready Reckoner or for further queries regarding remaining further entitlements, please do not hesitate to call the Employee Hotline on 1800 151 604.

Mark Korda
 Administrator

Mark Mentha
 Administrator

Employee Update 03



An update for former Ansett employees

Update 03
02 December, 2002

Dear former employee,

As advised today to unions, **we continue to await the critical outcome of Supreme Court proceedings concerning the Ansett Ground Staff Superannuation Fund before we can confirm the timing of payment of further returns to employees.**

Hearings regarding this complicated and very important matter (in relation to up to \$200 million in top-up shortfalls sought by the Ansett Ground Staff Superannuation Fund from administration proceeds) occurred during September and October and we had anticipated a mid November ruling.

At the time of writing this update, Justice M. Warren, the Supreme Court judge has not yet handed down her decision. Our ability to disburse further entitlements before Christmas depends upon the final judgement, the court process and timelines which regrettably are not within our control.

When a judgement is handed down, a 14 day period applies during which time either party can lodge an appeal. If a judgement, including a judgement in our favour, is not handed down prior to this Friday 6 December, 2002, we consider it unlikely we will be able to disburse further funds this year.

In the event of a favourable ruling, we still must wait until the 14 day appeal period is passed or exercised. As the Supreme Court moves into recess from 20 December, any appeal may not be heard until 2003.

Unfortunately this time line is not within our control, and we are obliged to wait and respect the court process.

We will issue a further Employee Update as soon as the Supreme Court outcome is known. In the event that an outcome is not known by Friday 6th December, on Monday 9th December we will issue a further advice outlining a revised estimated timeframe and process.

Mark Korda
Administrator

Mark Mentha
Administrator

Employee Update 04



An update for former Ansett employees

Update 04
11 December, 2002

SUPREME COURT RULING FURTHER DELAY: Further to our earlier advice, we must regrettably advise that we unfortunately are not be able to disburse further employee entitlements prior to Christmas 2002.

Justice M. Warren, the Supreme Court judge has not yet handed down her decision in the Ansett Ground Staff Superannuation proceedings against the Ansett (Subject to Deed of Company Arrangement).

As advised last week, the judgement and appeal timeframes are not within our control and must be followed including court appeal processes. Even in the event of a favourable ruling today, we still must wait until a 14 day appeal period is passed or exercised before we could make any payments.

As the Supreme Court will be closed from 20 December, 2002 until the end of January, and the appeal period would expire whilst the Court is in recess; regrettably this means that it will not be possible to disburse further entitlements until at earliest February 2003, and perhaps later depending on the judgement, and any appeal process.

Effectively, therefore the appeal period would be carried over until the Court resumes hearings from February 2003.

REVISED PROOF OF DEBT PROCESS TO OCCUR IN JANUARY: In the meantime, to prepare for the payment when the outcome of the superannuation proceedings is known, we will be undergoing a proof of debt process for all employees.

You will receive a proof of debt form with an explanatory letter in January 2003. The proof of debt process is prescribed by the Corporations Act, and we are undertaking it to:

- Maintain an accurate employee database in relation to your contact details
- Provide you with estimated returns on your outstanding debt (following a reconciliation of those returned forms in which employees disagree with their calculations)
- Comply with the terms of the Deed of Company Arrangement

Action Required of You

When you receive the Proof of Debt Form in January, 2003, you need to sign the form, and return it to the Deed Administrators in the provided reply paid envelope or by facsimile to (03) 9623 3144.

Please note that no further payment of your redundancy will be made to you until the proof of debt form has been agreed, signed and returned.

Further information regarding this process will be provided in letter to be sent to you with the form.



Mark Korda
Administrator



Mark Mentha
Administrator

Employee Update 05



An update for former Ansett employees

Update 05
20 December, 2002

Dear former employee,

GOOD NEWS BUT DECISION MAY BE APPEALED: We are pleased to advise that the Supreme Court has this afternoon ruled in our favour on the Ground Staff Superannuation proceeding.

We are very pleased with this outcome, however we must now await the decision of the Trustees as to whether there will be an appeal before any further redundancy instalments can be paid to employees. The appeal period will commence on the handing down of the Court's orders detailing the judgement. The court will reconvene at 12 noon, Monday the 23rd of January to determine when it will make its orders.

Following release of the orders, the 21 day appeal period will commence to run . If there is no appeal, we intend to pay Instalment 1, being 10% of redundancy greater than 8 weeks, within 5 business days of the appeal expiry date, or the date upon which the trustees inform us they are appealing.

Whilst we regret that due to court processes we are not able to provide funds to you earlier, we respect the complexity of this issue, and are hopeful that the appeal period will expire without lodgement of an appeal from the Trustees.

REVISED PROOF OF DEBT PROCESS NOW DELAYED: Employee Update 04 informed that we planned to undergo a proof of debt process in January 03, for all employees.

However, with the favourable outcome of the superannuation case, we do not wish for this proof of debt process to impede in any way our payment of Instalment 1, should the appeal period expire without lodgment of an appeal. Therefore, the proof of debt process is now planned to be carried out soon after the payment of Instalment 1.

A handwritten signature in black ink, appearing to read "M. Korda".

Mark Korda
Administrator

A handwritten signature in black ink, appearing to read "Mark Mentha".

Mark Mentha
Administrator

Employee Update 06



An update for former Ansett employees

Update 06
24 December, 2002

Dear former employee,

UPDATE ON SUPREME COURT SUPERANNUATION CASE: The Supreme Court reconvened at 12 noon, yesterday Monday 23rd of December, 2002, to determine when it will make its orders following the Friday 20 December Supreme Court ruling in our favour on the Ground Staff Superannuation proceedings.

Her Honour Justice Warren today ordered that the matter return to court on 20 January 2003 at 9:30am. On that day, submissions will be made as to the final orders that should be made.

The appeal period will commence on the handing down of the Court's orders detailing the judgement.

Assuming that final orders are made on the 20th January, 2003, then the appeal time will start running immediately (14 days in which an appeal notice can be lodged).

We are of course very pleased with the initial ruling, and obliged to respect and follow court processes.

Critically, before any further redundancy instalments can be paid to employees we must now await the decision of the Trustees of the Ansett Australia Ground Staff Superannuation Plan as to whether there will be an appeal.

If there is no appeal, we intend to pay Instalment 1, being 10% of redundancy greater than 8 weeks, within 5 business days of the appeal expiry date.



Mark Korda
Deed Administrator



Mark Mentha
Deed Administrator

EMPLOYEE UPDATE 07



CONFIDENTIAL – An update for Members of the Ansett Committee of Creditors only.

21 January, 2003

Dear former employee,

UPDATE ON SUPREME COURT SUPERANNUATION CASE: The Supreme Court reconvened yesterday Monday 20th January, 2003, and submissions were made regarding the judgment and orders.

The Court was advised that there are some outstanding matters to be completed, prior to orders being handed down. The case was therefore adjourned until the 4th February, 2003. We are hopeful that orders will be made on the 4th February, 2003, following which the appeal time will start running immediately (21 days in which an appeal notice can be lodged).

As previously advised, if the Trustees of the Ansett Australia Ground Staff Superannuation Plan do not appeal, we intend to pay Instalment 1, being 10% of redundancy greater than 8 weeks, within 5 business days of the appeal expiry date.



Mark Korda
Administrator



Mark Mentha
Administrator

EMPLOYEE UPDATE 08



KordaMentha

An update for former Ansett employees

11 February, 2003

Dear former employee,

UPDATE ON SUPREME COURT SUPERANNUATION CASE: Her Honour Justice Warren has now handed down orders in the Supreme Court (Friday 7 February, 2003).

The handing down of orders begins the 14-day appeal period.

This is an extremely complex matter. The trustees may appeal or they may seek to increase the appeal period. Together with our lawyers we are working very hard to resolve the issues.

However, as soon as we are aware of any changes in circumstances, for example **if an appeal is lodged, we will issue another Employee Update**. Otherwise, we will issue an Update on 28th February, 2003 to confirm the payment timetable.

Mark Korda
Administrator

Mark Mentha
Administrator

EMPLOYEE UPDATE 09



CONFIDENTIAL – An update for former employees of the Ansett only.

14 February, 2003

Dear former employee,

ALAEA COURT CASE: This week, the ALAEA sought orders from Federal Court of Australia in regard to its members pay in lieu of notice, and redundancy entitlements. During the hearing, the Federal Court decided that former employees of Ansett should have the opportunity to be heard at these proceedings. Accordingly, the attached Notice was issued today in the Australian Newspaper, and is provided to you via this Employee Update.

Should you have any queries, please contact the Employee Hotline.

A handwritten signature in black ink that reads "M. Korda".

Mark Korda
Administrator

A handwritten signature in black ink that reads "M. Mentha".

Mark Mentha
Administrator

**NOTICE PLACED IN AUSTRALIAN NEWSPAPER – AVIATION SECTION
ON FRIDAY 14 FEBRUARY 2002**

Former employees of Ansett please note:

In matter N1158/02 the Australian Licensed Aircraft Engineers' Association has applied to the Federal Court of Australia for orders for the following effect:

An order declaring that, on the proper interpretation of clause 21, Redundancy Clause, of the Ansett Australia Union Collective Bargaining Agreement 1999 ("EBA IV"):

- (i) Any employee of the respondent to whose employment EBA IV and the Licensed Aircraft Engineers' Award (Ansett Australia Ltd) Award 1995 ('the Award') apply made compulsorily redundant shall be paid redundancy entitlements in accordance with whichever of the following is most beneficial to the employee:
 - (a) The redundancy payment formula set out in clause 21(c) of EBA IV;
 - (b) The redundancy payment provisions set out in clause 41, Redundancy, of the Award; or
 - (c) The provisions of the document entitled Ansett Airlines of Australia and Subsidiary Airlines – Non-Voluntary Redundancy Plan and dated 3 May 1991 ("the May 1991" Policy).

- (ii) Where an employee of the respondent to whose employment EBA IV and the Award apply is paid redundancy entitlements pursuant to clause 21(c) of the EBA IV, such employee shall be provided with notice, or payment in lieu thereof, according to the greater of the following :
 - a) 4 weeks' notice; or
 - (b) the relevant period of notice prescribed by clause 41(b) of the Award.

- (iii) The 104 weeks' pay cap on redundancy entitlements prescribed by the second dot point in clause 21(c)(ii) of EBA IV is not applicable to any employee who is paid redundancy entitlements pursuant to clause 41 of the Award or the May 1991 Policy.

This matter is to be the subject of further hearing in the Federal Court of Australia sitting in Sydney on 6 March 2003. If you wish to be heard in this matter, you must do the following:

- (a) notify in writing the applicant's solicitors on or before 25 February 2003; and
- (b) appear at the directions hearing in the Federal Court of Australia in Sydney on 26 February 2003.

Applicant's Solicitors (Jones Staff & Co);

Level 2, 154 Elizabeth Street,
SYDNEY NSW 2000
DX 1014 SYDNEY

Tel: 02 9267 9961
Fax: 02 9264 9919/9549
Attention: C.G.Staff

EMPLOYEE UPDATE 10

CONFIDENTIAL – An update for former employees of the Ansett only.

24 February, 2003

Dear former employee,

UPDATE ON SUPREME COURT SUPERANNUATION CASE: There has been a further development in the legal process related to the Ground Staff Superannuation case.

As advised previously, Her Honour Justice Warren of the Supreme Court ruled in favour of Ansett on 20 December, 2002 (Employee Update 06) in the Ground Staff Superannuation proceedings, and subsequently handed down her orders in the Supreme Court on 7 February, 2003. The handing down of orders commenced the 14-day appeal period (Employee Update 08). During that period the Ground Staff Superannuation trustees may appeal or may seek to increase the appeal period.

At this stage whilst no appeal has been lodged, **the appeal period has been extended to 24 March 2003. If we had not agreed to the extension the Trustees would have appealed.**

During the extension period, we will request the hearing and determination of a separate but related matter in the Federal Court. A favourable determination of the Federal Court matter may have the result that any appeal would have no practical effect, and therefore would not be worth pursuing.

In regard to dividend instalments, if there is no appeal, we will pay Instalments 1 and 2 together, being a total of 15% of redundancy greater than 8 weeks, within 5 business days of the appeal expiry date.

This is an extremely complex matter. It is frustrating. We are working very hard to resolve the issues.

As soon as we are aware of any changes in circumstances, for example if an appeal is lodged, we will issue a further Employee Update.



Mark Korda
Administrator



Mark Mentha
Administrator

IN THE SUPREME COURT OF VICTORIA AT MELBOURNE
COMMERCIAL AND EQUITY DIVISION
COMMERCIAL LIST

No. 2115/01
F.5382

B E T W E E N:

ANSETT AUSTRALIA GROUND STAFF PLAN PTY LTD (ACN 065 590 178) (as trustee of the Ansett Australia Ground Staff Plan) **and ANSETT AUSTRALIA PILOTS/ MANAGEMENT PLAN PTY LTD** (ACN 065 590 043) (as trustee of the Ansett Transport Industries Ltd Pilots/Management Plan)

Plaintiffs

and

ANSETT AUSTRALIA LIMITED (ACN 004 209 410) (Administrators Appointed) & **ORS**
Defendants

GENERAL FORM OF ORDER

JUDGE: The Honourable Justice Warren

DATE MADE: 20 February 2003

ORIGINATING PROCESS: Originating Motion

HOW OBTAINED: Pursuant to Order 64.03, by consent of the parties.

ATTENDANCE:

OTHER MATTERS:

THE COURT ORDERS THAT:

1. The time by which a notice of appeal by any party to this proceeding is to be filed and served, be extended to 24 March 2003.

EMPLOYEE UPDATE 11



CONFIDENTIAL – An update for Members of the Ansett Committee of Creditors only.

24 March, 2003

Dear former employee,

GROUND STAFF SUPERANNUATION PLAN TRUSTEES TO APPEAL

This afternoon Monday 24 March, 2003, the Trustees of the Ansett Ground Staff Superannuation Plan have served notice to appeal the decision and orders handed down by Justice Warren in the Supreme Court on 7th February, 2003.

This course of action is extremely regrettable. Ansett Administration, on behalf of all employees, won the case on 7th February, 2003. The Trustees, on the advice of their lawyers, have decided to appeal the decision, and unfortunately there is nothing we can do to change that decision. We will continue to work hard on your behalf to resolve the issues as quickly as possible.

We sincerely regret this frustrating position. To date the Ansett Administration has raised some \$360million which is currently banked, and increasing as we continue to sell remaining assets including aircraft, spare parts and to pursue debt recoveries.

Due to the Trustees decision to appeal we remain as yet unable to distribute any part of these monies until this matter is fully resolved.

In summary, the court case is about whether we can distribute our cash reserves:

- 1.** fairly and equitably to 15,000 employees as redundancy dividends (as voted by the creditors in the Deed of Company Arrangement), **or**
- 2.** pay up to \$200m to only 8700 members of the Ground Staff Plan.

Attached are some "Frequently Asked Questions" (with answers) in relation to this matter. Should you have any further queries, you are welcome to telephone the staff hotline on 1800 151 604.

A handwritten signature in black ink that reads "M. Korda".

Mark Korda
Administrator

A handwritten signature in black ink that reads "M. Mentha".

Mark Mentha
Administrator

FREQUENTLY ASKED QUESTIONS

Now that notice of an appeal has been served, when will I receive any further redundancy monies?

The Supreme Court provided an advisory decision that the retrenchment benefit does not rank as a priority payment. This decision meant that we could make redundancy dividends in the manner set out in the Third Report to Creditors (i.e. initially three quarterly instalments, starting in December 2002, of 10%, 5% and 5% for amounts owing to employees of greater than 8 weeks redundancy).

If the Trustees withdraw the appeal, we could make the 10% and 5% dividend of the greater than 8 weeks amount, within 5 business days of the withdrawal, and then 5% by the end of June 2003. Otherwise, further payments can not be made until the matter is formerly resolved in Court.

If we have \$360m in the bank, why can't we receive some of this immediately as a redundancy dividend?

We have \$360m in the bank, which must be distributed in the correct priority as set out in Corporations Law and in the Deed of Company Arrangement.

The priority of distributions is such that the Government is to be repaid some \$170m of the SEESA loan prior to redundancy dividends being made to employees. This, together with the Trustees claiming a superannuation contribution of up to \$200m means that none of the \$360m is currently available for employees.

EMPLOYEE UPDATE 12



KordaMentha

CONFIDENTIAL – An update for former employees of the Ansett Australia Group.

10 June 2003

Dear former employee,

This update provides a progress report in relation to the Ground Staff Superannuation proceedings, and explains the importance of the **Proof of Debt** process currently being distributed to all former Ansett mainline business employees.

APPEAL DATE SET FOR GROUND STAFF SUPERANUATION: In the last Employee Update 11 issued on 24 March 2003, we advised that the Trustees of the Ansett Ground Staff Superannuation Plan, on the advice of their lawyers, had served notice to appeal the decision and orders handed down by Justice Warren in the Supreme Court.

The judge's decision found in favour of the Ansett Administration, on behalf of all employees.

The Trustees decision to appeal meant that we remain unable to distribute any part of the \$360 million raised through the sale of Ansett assets and Ansett debt recoveries.

On 7th May 2003, we appeared in the Supreme Court seeking Expedition orders for the Appeal to be heard as soon as possible. As our lawyers have said in open court, we will leave "no stone unturned" to find an expedited solution to this problem.

We have now been advised that the Appeal of the Ansett Ground Staff Superannuation Advisory Decision has been set down for a **four-day hearing in the Court of Appeal, commencing on 11 August 2003.**

In the interim, there will be a **hearing on 10 June at 11:00am** to determine whether the trustees can amend their notice of appeal and to settle the contents of the appeal book.

PROOF OF DEBT PROCESS: Whilst we await the outcome of the appeal, and in order to commence preparations for the payment of dividends, we have now issued a Proof of Debt form to all Ansett mainline former employees (over 12,000 individualised forms).

As this process is required under the Ansett Deed of Company Arrangement, it is critical that you assist us by promptly returning the form. Please also notify us of any changes in contact address or banking details. This will also help expedite the distribution of redundancy dividends, on resolution of the legal impediments.

The Proof of Debt form outlines:

- your personal address details;
- the total amount of your entitlements;
- the **gross amount of entitlements** paid to date (including tax); and
- the remainder of entitlements owing to you expressed as a **gross figure prior to any deduction of tax.**

Please note all payments you have received to date have been paid as **net amounts** (i.e. after tax has been deducted).

The figures disclosed on the Proof of Debt form are **gross amounts**. They correlate to the **gross** (before tax) amounts on the most recent redundancy schedule (quote) issued to you.

You are asked to review the entitlements listed on the Proof of Debt form, and if they are correct, tick the box “agree”, sign the form and return it to the Deed Administrators.

If you do not agree with details on the form, please provide in writing the basis of that assertion as well as any documentation that may assist us in recalculating your entitlements.

The Ansett Employee Hotline (1800 151 604) and email address (employeehotline@ansett.com.au) are available to answer any queries.

A list of Frequently Asked Questions relating to the Proof of Debt process and the answers to these is attached to this Update.

SUPERANNUATION ENQUIRIES: Please note superannuation is a separate exercise to the Proof of Debt process. If you have enquiries about your superannuation entitlements these should be directed to NSP Buck as follows:

Ground Staff	1 800 815 903
Flight Attendants	1 800 003 227
Pilots	1 800 009 040
Pilot Management	1 800 009 080

All known employer and member superannuation contributions have now been paid by the Deed Administrators to NSP Buck and any queries in that regard should be directed to them.

FURTHER UPDATES AND COMMUNICATION: We plan to issue an Employee Update on a monthly basis for the remainder of the year.



Mark Korda
Deed Administrator



Mark Mentha
Deed Administrator

PROOF OF DEBT PROCESS FREQUENTLY ASKED QUESTIONS AND ANSWERS

Q.1 What will happen if I do not sign and return the Proof of Debt form?

The Proof of Debt form **must** be completed and returned before the Deed Administrators will make any further payments to employees. Please note the Ansett Deed of Company Arrangement, the Australian Corporations Law and Corporations Regulations governs the formal Proof of Debt process.

Q.2. Does this Proof of Debt process mean my entitlements are to be paid shortly?

Unfortunately the Deed Administrators are unable to make any further payments to you at this time because of the claims of the Trustees of the Ansett Ground Staff Superannuation Plan to a priority over the claims to their unpaid redundancy. Although the court held at first instance that the Trustees do not have priority, the Trustees have appealed that decision. Until the appeal is heard and determined or the Federal Court upholds the Ansett creditors decision that employees should be paid their redundancy ahead of the Trustees, the Deed Administrators cannot make any further payments to employees. Please be assured that the Deed Administrators have left “no stone unturned” in their efforts to expedite the process.

Q.3. I have already filled out a ‘Request for Review form’ to query my redundancy entitlement calculation, do I have to return the Proof of Debt form?

The ‘Request for Review’ process has been replaced by this Proof of Debt process which supersedes all previous claims and processes. Accordingly, you must complete and return the Proof of Debt form to request a recalculation of your entitlements. If you believe your redundancy calculations are incorrect, tick the box marked “disagree” and provide the basis of your assertions

in the “Any Comments” area of the form, as well as any documentation that may assist the Deed Administrators in recalculating your entitlements.

Q.4. If I tick the “disagree” box, how long do I have to wait before my redundancy calculation is corrected?

The Deed Administrators have assembled a team to run the Proof of Debt process in order to ensure that you receive a decision on your redundancy entitlements as soon as possible. This team will investigate your claim and inform you of the outcome. They hope to have this process completed prior to the release of the next redundancy payment but ultimately the time taken to recalculate your entitlements will depend on the nature of your claim and other matters such as the SEESA Federal government audit process. If you disagree with your entitlement, the Deed Administrators will write to you to advise whether they accept or reject your claim and if they reject your claim, they will state the grounds for any such rejection.

Q.5. Is the 20% proposed dividend all I'm likely to receive or can I expect more later on?

Future dividends will be paid as and when sufficient assets are sold.

Q.6. Why do I need to fill in the Proof of Debt form?

The Proof of Debt Process is regulated by the Ansett Deed of Company Arrangement and must be undertaken before further redundancy entitlements can be made to employees in accordance with the provisions of the Ansett Deed of Company Arrangement and the provisions in the Corporations Law and the Corporations Regulations. If you not respond, you will not receive further redundancy monies.

Q.7. If I sign and agree to my entitlements under the Proof of Debt process, do I have another opportunity to query my redundancy entitlements?

No, you will not have another opportunity to query your entitlements if you agree in the first instance, unless you receive the express written consent of the Deed Administrators.

Employee Update



KordaMentha

An update for former employees

Update 13
26 June, 2003

Dear former employee,

The following Employee Update is prepared in response to queries received on the Ansett Employee Hotline. The hotline (1800 151 604) and email address employeehotline@ansett.com.au remain staffed to answer queries received from former employees of the Ansett Australia Group.

Following are some of the most frequently asked questions (and replies) currently being received via the hotline.

1. How much money have Ansett employees been paid to date?

Employees have so far received entitlements of:

- 100 cents in the dollar for unpaid wages;
- 100 cents in the dollar for annual leave, long service leave, time in lieu and other days;
- 100 cents in the dollar for pay in lieu of notice and for up to 8 weeks of redundancy.

2. The Administrators reportedly have \$400 million in the bank. When will more of these funds be distributed?

The Administrators do have \$400 million in the bank.

The major factor affecting the timing of a distribution to employees is the current legal proceedings brought by the Trustees of the Ansett Ground Staff Superannuation Fund. They are claiming that the superannuation shortfall (approximately \$200 million) must be paid prior to the Administrators paying your outstanding employee entitlements.

We successfully defended this case in the Supreme Court in December last year. However, the Trustees of the Ground Staff Superannuation Fund have appealed the Court's decision.

Three judges will consider the appeal over four days, commencing on 11 August 2003.

Until the outcome of the appeal is known, we cannot distribute any money to employees.

3. When you do distribute the money, what priority does the Government have?

The agreement between the Administrators and the Government is very simple. The Government "stands in the shoes" of the employees for the money they advanced to employees under SEESA.

Due to the size and complexity of the Ansett collapse and the number of individual employees impacted (up to 16,000 people nationally), the SEESA programme was created and agreed between the Administrators and the Government so we could advance some monies as soon as possible to former employees, whilst we simultaneously sold Ansett's assets.

The Government advanced \$335 million to cover wages, annual leave, long service, pay in lieu of notice and up to 8 weeks redundancy.

When we are in a position to distribute money, the Government will be repaid the funds it advanced in relation to wages, annual leave, long service leave, time in lieu and other days (\$190 million) before we make any further payments to employees in relation to redundancy owing over 8 weeks.

The remaining \$145 million advanced by the Government for pay in lieu of notice and up to 8 weeks of redundancy will be repaid at the same time and at the same rate as distributions to employees for redundancy amounts owing over 8 weeks.

4. If the Administrators win the appeal, out of the \$400 million now in the bank, must the Government receive the first \$190 million back?

Yes.

5. When will former employees see a dividend? What happened to the plan to pay dividends in Dec 2002, March and Jun 2003 to the total of 20 cents per dollar owing?

As a result of the Ground Staff Superannuation fund decision not being handed down until December 2002 and the fact that the Trustees of the Superannuation fund are appealing the decision, we have not been able to pay these planned dividends.

The timing of future dividends is dependent on the outcome of the Court of Appeal proceedings which will start on 11 August 2003. It is difficult to predict how long the judges will take to make a decision after the hearing. However, if the Court of Appeal finds in favour of the Administrators and as long as there is no avenue available for the Trustees to appeal that decision, we will make a single dividend payment of 20 cents in the dollar relating to redundancy owing greater 8 weeks within 5 business days of that favourable decision.

6. What is the effect of stopping the Ansett ticket levy?

The stopping of collection of the \$10 Ansett ticket levy will have no effect on timing or payments of further dividends.

7. Will the Government allow any of the Ansett ticket levy monies to be paid to the Ansett employees?

The Government advanced the Administrators \$335 million. The ticket levy has raised \$250 million. The Government has advised that the \$250 million raised will first be used to cover any shortfall in the repayment of the \$335 million by the Administrators. There is likely to be a shortfall, but we don't know what that shortfall will be at the moment.

If the shortfall is less than \$250 million, the Government intends to distribute the remaining funds raised to the tourism industry. The arrangement was approved by the Federal Court in December 2001. Unfortunately, it is not open for renegotiation.

8. Where is the administration now with regard to monies received from sale of assets, and also in regard to costs?

The \$400 million we have in the bank is invested to earn interest income. We are currently running the Flight Simulator business, which is cash flow positive, and the Engineering business (AAES) to maintain value in the aircraft. We are realising significant assets each month, mainly debtors (partly through litigation) and engines and spare parts through our spares company in the USA and the UK (AASS). Parties interested in buying AAES, AASS and the Flight Simulator business are also being explored. The subdivision process of Garden Drive, the major property asset remaining, has commenced and a number of the lots have already been sold.

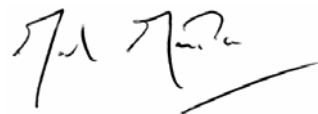
However, the sale of aircraft continues to be very difficult. We are dependent on the state of the global aviation market, which has not shown any significant improvement over the course of the Administration. Ultimately, for employees to get an average return of 92¢ in the dollar (which includes 84¢ for redundancy greater than 8 weeks), we need to realise a further \$200 million from the remaining 30 aircraft. This will prove very difficult (if not impossible) and time consuming; however costs are still estimated to meet the budget outlined in the Third Report to Creditors.

2002– 2003 PAYMENT SUMMARIES: The Ansett payroll and redundancy team have finalised approximately 3,000 Payment Summaries for the current financial year. The process has involved the reconciliation of SEESA redundancy payments and wages & salary payments with Federal Government SEESA claims and Australian Tax Office remittances.

We expect the Payment Summaries to be despatched during the month of July 2003. If you have not received your Payment Summary by 28 July 2003, please contact the Ansett employee hotline.



Mark Korda
Joint Deed Administrator



Mark Mentha
Joint Deed Administrator

Employee Update 14



An update for former employees

Update 14
4 August, 2003

Dear former employee,

The following Employee Update covers the recent sale of Ansett Aircraft Spares and Services ("AASS"), the spare parts marketing company operating in the USA and UK and the impact this has on the spare parts owned by Ansett. There is also a detailed update on the aircraft marketing status. The Employee Update also provides an outline of various legal claims by employees.

ANSETT AIRCRAFT SPARES AND SERVICES: We are pleased to advise the successful sale of AASS.

The AASS business operates internationally from facilities in the US and UK and was 100% owned by Ansett. In the US, the business was placed into Chapter 11 bankruptcy proceedings on 24 September 2001. We worked extensively with management, particularly during the period June 2002 to December 2002, to restructure the business and as a result, the company was taken out of bankruptcy on 31 January 2003.

Since the exit from bankruptcy, we continued discussions on a management buyout (MBO) and attempted to strengthen the MBO with a joint venture between CASCO, a spare parts company in the United Kingdom. After significant effort, the MBO and joint venture was unable to be concluded by April/May 2003.

Because of significant competitive threats and other matters, we decided to proceed with a revised MBO and set a deadline for completion of 30 June 2003, which was achieved.

We received funds on completion of the sale and will receive further instalments over the next three years. The deal is not without risk in collecting our monies, however what we have collected to date is substantially better than both our estimate in the Third Report to Creditors and the real possibility of AASS's liquidation.

Overall we believe this is a reasonable deal in the circumstances, which exceeds our expectations from the last report and easily surpasses the tenders we received for the bulk sale of spare parts some 12 months ago of approximately \$12 million.

SALE OF SPARE PARTS: In our Third Report to Creditors, we estimated to receive \$A43 million from the sale of spare parts over the next three years. To date we have received \$A14 million, leaving a balance of \$A31 million.

We have entered into a consignment and marketing agreement with AASS for the exclusive sales of rotables and consumables. The contract does not include engines, aircraft etc. The contract has minimum performance standards and AASS have committed to the sale of US\$47 million of spare parts over the next three years. After commission, overhaul costs which are substantial, cost of freight etc, we expect this agreement to at a minimum deliver us \$A31 million.

The sale of AASS, together with entering the market in consignment agreement, means that the administration is significantly simplified in that we now no longer have responsibility for the 60 AASS employees and the risk of their operations. We now only manage ownership of the spare parts and the marketing agreement.

FLEET REMARKETING ACTIVITIES:

In summary, we have the following aircraft for sale.

2	A320, fully serviced
7	767 200 with various maintenance check requirements - 1 being parted.
4	Fokker 50 on lease in Sweden
4	SAAB 340A on lease to REX and likely to be returned.
3	BA146 200 – 2 with wing corrosion
10	BA146 300 available for sale
<u>2</u>	BA146 200QT available for sale
<u>32</u>	Total aircraft owned

Following an evaluation process carried out since late last year, we appointed Pembroke Capital Limited as the exclusive remarketing agents for the two remaining Ansett owned Airbus A320 aircraft. Cabot Aviation Limited were appointed as the exclusive remarketing agents for six owned Boeing 767-200 aircraft. The remarketing agents were selected on the basis of their established presence in key markets for aircraft enquiries and financiers (Europe and USA) and their reputation and experience in placing aircraft of these type and age.

Both remarketing agents have been instructed to focus on the out-right sale of the aircraft, or alternatively a lease that would reasonably be expected to lead to the ultimate sale of the aircraft. Options that would generate short-term cash funds, including “power-by-the-hour” arrangements are also being considered, where the credit and operator risks are deemed acceptable. We receive regular updates from both remarketing agents, including commentary on recent market transactions for the respective fleet types and details of current placement options.

Overall market conditions continue to be poor, particularly for aircraft of this age and also due to many factors which have been well publicised recently (SARS etc). Certain key messages from the remarketers are as follows:

- Recently both Boeing and Airbus have estimated that of the 2,100+ commercial aircraft currently in storage, only 500-600 are expected to return to service. If the Ansett aircraft are moved to the desert, this would significantly hamper the remarketing efforts and would be considered likely that they would not return to service, therefore their ultimate realisation value would be lower than current estimates.
- There are in excess of 27 Boeing 767-200 aircraft currently advertised as available (including 6 Ansett aircraft), with a further 8 known to be parked but not yet actively remarketed. Of this fleet type, there has only been one known sale in the past 20 months. Notwithstanding this, many owners have maintained their asking prices at a high level due to their high remaining book values and their estimates of the long-term value in these aircraft.
- We are currently pursuing numerous active lines of enquiry for one or more of the B767 aircraft, involving parties in Europe, USA, Russia, South America and Africa. At this stage it is not possible to estimate the chances of these prospects concluding successfully, however all prospects are being fully explored.
- While Eastern Europe and Russia are considered prime markets for aircraft of this type and age, the import duties and VAT payable on importation of foreign aircraft make many

possible deals too expensive for local operators. We are considering alternative structures to access these markets.

- There are currently in excess of 45 A320 aircraft listed as stored, with up to 40 more close to lease expiry or early termination and are being remarketed by their owners. Pembroke are actively offering the two Ansett aircraft fresh from heavy maintenance check and have identified current prospects in Europe, Africa and the Middle East.

ANSETT FLEET TRADING:

The Ansett Fleet Trading team ("AFT") continues to work closely with the remarketing agents to assist them in their efforts and AAES provides valuable on-going technical support. AFT also continues to re-market all British Aerospace BAe146 aircraft, the four Fokker 50 aircraft (currently on lease in Sweden) and the remaining Saab 340A aircraft owned by Kendell (currently on lease with Regional Express).

In early June, the AFT manager and a KordaMentha representative conducted a marketing trip to Europe to visit many current and potential operators of BAe146 aircraft in the UK, Italy and other European locations. The meetings proved very fruitful and reaffirmed that a market for these aircraft (of which production ceased in 1994/95) continues to exist, albeit it is also impacted due to the current state of the global aviation industry, together with certain issues specific to this type (including wing corrosion issues). Following these meetings, AFT are following up several identified opportunities for the sale and/or lease of a number of aircraft and firm offers are being solicited by the operators.

We look forward to providing some positive updates regarding these aircraft at a later date.

EMPLOYEE CLAIMS:

Numerous legal claims are being made by Ansett ex employees. These claims are described below. The effect of these claims, if successful, are as follows:

- Certain claims will reduce the amount of cash available to all employees.
- Certain claims will increase the total employee entitlements of \$735.8m (as estimated in our Third Report to Creditors) and accordingly, some employees will benefit and others will be worse off.
- The pool of funds is being reduced by legal costs and the Deed Administrators' time dealing with these issues.

The legal claims by employees that are being handled by the Deed Administrators' team and their lawyers include:

Superannuation: As you are aware, the major legal case is the appeal by the Trustees of the Ground Staff Superannuation Plan as to, amongst other issues, whether a retrenchment benefit is a priority entitlement. The appeal is to commence on 11 August 2003. The claim is for up to \$200m.

A320 Pilots Training Claim – a number of pilots were offered an opportunity to undertake training during the administration period after being offered a position by Tesna. These pilots have not been paid for this training and are claiming it as being owed by Ansett. This claim is being defended on the basis that Tesna is responsible for the payment of these wages. Tesna has been repeatedly requested to make this payment.

ALAEA Claim in relation to notice and redundancy – the ALAEA, on behalf of its members, has claimed that redundancy entitlements should be calculated differently than the way it has been assessed by the Deed Administrators. In particular, the ALAEA has claimed

that payment in lieu of notice can be calculated pursuant to an industrial agreement that is different to the industrial agreement from which redundancy is calculated, allowing a greater claim. Further, the ALAEA have also claimed there should be no cap on redundancy. These claims have been successful at first instance in the Court and are being appealed by Ansett.

APA Redundancy Claim – the APA, on behalf of its members, is claiming that redundancy should be calculated pursuant to the CR Policy, when it has been calculated pursuant to EBA IV. This matter will be vigorously defended.

Individual Ansett Pilots Redundancy Claim – a group of five Ansett pilots have claimed they are entitled to be paid redundancy, when it is the position of the Deed Administrators that these pilots resigned and so are not entitled to redundancy.

Australian Concessions Management Claim – there are various claims by employees of Australian Concessions Management. These include incorrect entitlement calculations, recognition of prior service and whether these employees were subject to the stand-down orders.

Various Individual Kendell Employee Claims – there are a number of claims by Kendell employees, including requests for redundancy, when it is the position of the Deed Administrators that these employees resigned, relocation allowances, requirement to bring qualifications up to date on termination and requests for time in lieu owed. These claims are being dealt with individually, however a group of four Kendell management employees have recently commenced proceedings in the Federal Court.

Individual Claims through the Ansett Proof of Debt Process – a small number of individual claims have been brought to the attention of the Deed Administrators through the proof of debt process, which are being dealt with.



Mark Korda
Joint Deed Administrator



Mark Mentha
Joint Deed Administrator

EMPLOYEE UPDATE 15



CONFIDENTIAL – An update for Members of the Ansett Committee of Creditors only.

18 August, 2003

Dear former employee,

As you are aware, the Trustees of the Ansett Superannuation Ground Staff Plan issued proceedings in the Supreme Court of Victoria seeking answers to specific questions concerning Ansett's liability to pay Retrenchment payments to the Superannuation Funds and, the order in which those payments should be made.

Justice Warren, at first instance, ruled that Ansett is obliged to pay Retrenchment payments and that such Retrenchment payments do not rank for any special priority of payment.

The Trustees thereafter appealed the decision of Justice Warren. The appeal came before the Court of Appeal on 11 August, 2003.

The Court of Appeal has allowed the appeal, in effect ruling that the Federal Court of Australia should resolve the superannuation issues. The Court of Appeal has not published its reasons for its decision but will do so shortly. The Court of Appeal has not suggested Justice Warren's legal analysis was wrong.

The Administrators are committed to expediting the resolution of these issues in the Federal Court of Australia. The Administrators have been attempting to have the Federal Court deal with the matter all year.

A handwritten signature in black ink, appearing to read "M. Korda".

Mark Korda
Joint Deed Administrator

A handwritten signature in black ink, appearing to read "Mark Mentha".

Mark Mentha
Joint Deed Administrator

Employee Update



KordaMentha

An update for former employees

Update 16
21 August, 2003

Dear former employee,

This is a further update on the Ground Staff Superannuation Fund proceedings in the Court of Appeal.

As you will recall the Ground Staff Superannuation Fund has demanded that the administrators pay as much as \$200 million to meet a shortfall in the Ground Staff Superannuation Fund in priority to retrenchment payments.

The Ground Staff Superannuation Fund sued the administrators to have the priority question resolved.

The administrators won the case, which meant the payment to employees of retrenchment pay would rank ahead of payments of any shortfall to the superannuation funds. The Ground Staff Superannuation Fund then appealed. The subsequent appeal was terminated by Justices Ormiston, Callaway and Batt on technical grounds without ever attacking the reasoning of the trial judge.

The Court of Appeal awarded costs against the Ground Staff Superannuation Fund in relation to the appeal, ie they have to pay Ansett's costs.

The Federal Court, not the Supreme Court, will now hear the case and may set the timetable for the proceeding next week. The administrators have been seeking this result for months.

We have included below an extract from Justice Ormiston's decision:

"The Court has been very conscious of the large number of former Ansett employees who are awaiting the outcome of the litigation between, on the one side, the respondents Ansett Australia Limited ("Ansett"), which since 2 May 2002 has been subject to a deed of company arrangement, and its administrators and, on the other side, the trustee of one of its superannuation funds, the appellant, Ansett Australia Ground Staff Superannuation Plan Pty Limited ("the trustee"). It has made orders expediting both the appeal and the cross-appeal presently before us. It has endeavoured to find a means and justification for hearing them and bringing them to a satisfactory conclusion. Regrettably, notwithstanding the earnest endeavours of counsel, in particular counsel for the [Ground Staff Superannuation Fund], to persuade us to do so, we have concluded that it is not appropriate to resolve the issues said to be before the Court ..."

"The [Ground Staff Superannuation Fund] must be seen to be largely responsible in that it formulated an inapposite question and failed to make sufficiently clear why it asserted that a question of the kind should be answered."

"There remains the question of costs. The Court invited both parties to put in written submissions on this subject and detailed submissions have been received from them. Much information has been relied upon but none of it throws a great deal of light on the issue. Both sides protest that the other is responsible and, in particular, [Ansett] maintain that they have warned the [Ground Staff Superannuation Fund] frequently and in many places as to the possible outcome, or more precisely, of an absence of an outcome, to the appeal. ... The real author of the disaster was, unfortunately the [Ground Staff Superannuation Fund], especially when it chose to split the two proceedings. It should bear the costs."



Mark Korda
Joint Deed Administrator



Mark Mentha
Joint Deed Administrator



KordaMentha

An update for former employees

**Update 17
27 August, 2003**

Dear former employee,

This is an update on the Ground Staff Superannuation Fund proceedings in the Federal Court.

Today, Justice Goldberg set down the date for the hearing on the validity of the Deed of Company Arrangement as brought by the trustees of the Ansett Ground Staff Superannuation Plan.

The proceedings will be heard on 12 November 2003 and is expected to last ten days. The Federal Court will then consider its position and hand down its decision on a date yet to be advised.

As you are aware, until this matter is resolved, no distributions can be made to employees.

Mark Korda
Joint Deed Administrator

Mark Mentha
Joint Deed Administrator

Employee Update



KordaMentha

An update for former employees

Update 18
3 November, 2003

Dear former employee,

This newsletter provides an update on key aspects of the Ansett Administration including debt recovery, recent asset sales, proof of debt process, continuing efforts to realise remaining major assets (aircraft and land) and the major legal challenge brought by the Ansett Ground Staff Superannuation Fund.

ANSETT DEBT RECOVERY PROGRAMME: Recoveries of monies owed to Ansett under this programme continue to exceed projections. To 24 September 2003, a total of \$101 million had been recovered from pre-Administration debtors. Over 600 outstanding pre-Administration accounts are now the subject of existing or contemplated legal proceedings. We expect that the proceedings will recover between \$6 million to \$10 million.

The current total estimate of costs associated with the legal proceedings is \$1.3m. Those costs will be offset to some extent by awards of interest and legal costs orders where Ansett succeeds in the litigation.

In addition to these recoveries, post-administration debtors associated with ongoing business activities are currently \$2.8 million, comprising of \$1.3 million mainly associated with flight simulation and other rental revenue, and \$1.5 million associated with engineering.

AAES CONTRIBUTION: The ongoing operation of AAES continues to contribute significantly to the Ansett administration and generates income via:

- Facilitation of aircraft parts and spares sales has contributed \$27 million to date;
- Facilitation and redelivery of aircraft, minimised claims from external creditors and generated administration income of \$55 million;
- Managing the repair and sale of engines has contributed \$22 million to date;
- Performance of the idle maintenance programme essential to maintaining aircraft airworthy order compliance with manufacturer and regulator requirements.

The current workforce at AAES comprises 84 Ansett employees and approximately 150 employees provided on an "as needs" basis by the contract labour firm, IMS.

GARDEN DRIVE CONVERSION TO MELBOURNE GATEWAY BUSINESS PARK:

A remaining Ansett asset yet to be realised is the valuable parcel of land including purpose built buildings, facilities and land holdings at Garden Drive, Tullamarine.

In determining the most appropriate method of realisation of this property asset, our decision has been to pursue strategic subdivision in order to add significant value to the asset prior to realisation. We estimate maximised return through subdivision will contribute net realisation of **\$18 to \$22 million**. The alternative, to sell the Garden Drive holding in a single property transaction was estimated to return a net realisation of **\$10 to \$13 million** less ongoing rental costs charged by any new owner for property occupied by the Ansett Administration during the asset realisation process. This is being achieved through division of the properties and buildings into "Superlots" of appropriate sites and facilities for marketing individually to potential investors, developers, owner occupiers.

The subdivision, known as "Melbourne Gateway", significantly enhances the value of the site as it allows Ansett to market each purpose built facility in the site to the interested parties rather than developers.



MELBOURNE GATEWAY BUSINESS PARK - 15.5 kms north-west of Melbourne CBD.

GLOBAL REWARDS: This recovery project is seeking payment of amounts owed to Ansett by participants in the Global Rewards Program.

Ansett has now recovered \$9.6m through settlement of a number of claims against participants on confidential terms. Further demands on other participants are now being prepared.

SALE OF ANSETT ENGINE SHOP: Qantas Airways and Patrick Corporation announced to the Australian Stock Exchange last month (29 September 2003) that they had entered a joint venture called Engine Services Company or ESCO, to acquire the former Ansett engine maintenance facility at Garden Drive. The acquisition is for an undisclosed amount.

We are now proceeding to finalise the sale, however the timing of completion is dependent on the subdivision of the Garden Drive Site.

AIRCRAFT SALES FORECAST: Whilst the extraordinary industry environment has resulted in the value of the Ansett aircraft and other used aircraft on the worldwide market becoming uncertain, and the number of offers for the aircraft have been low, there are now signs of improvement.

Following a recent reassessment of the world aviation environment, the forecast timing of the sale of remaining Ansett aircraft has been extended by nine months from the original 30 months estimated in the Third Report to Creditors. This adjusted forecast takes into account several important factors including:

- Continuing reassessment of realisation options for Ansett fleet, e.g. parting, conversion to VIP/freighters, all economy/charter configurations.
- Signs of new or improved interest, evidenced by an increasing number of aircraft lease and/or purchase enquiries;
- The appointment of independent re-marketing agents to assist with sale of the aircraft for the A320 and B767 aircraft types;
- Movements in the USD:AUD exchange which may significantly impact the ultimate realisations.

RECOVERY OF TRUST FUNDS FROM TRAVEL AGENTS: Ansett is seeking to recover funds held by international and Australian travel agents who sold Ansett tickets prior to 14 September 2001 but are yet to remit the proceeds to Ansett. This is a complex recovery project which has recovered a total of \$4.879 million to date. Part of this process has included discussions with the Australian Federation of Travel Agents ('AFTA'). Those discussions were successful in recovering \$1.113m following AFTA's advice to its members that they should pay Ansett the amounts relating to availed travel.

CONTINUING WORKFORCE: The Ansett administration office is now resourced by 36 employees including 4 Ansett employees and 32 contractors. The primary activities of the office include legal actions, debtor recoveries and employee entitlements. There are also staff who support payroll, banking and general administration. In addition, a further 19 employees are employed at the Flight Simulator Centre (12 Ansett and 6 IMS).

EMPLOYEE PROOF OF DEBT PROCESS: On 15 May 2003, 12,089 proof of debt forms were issued to former Ansett Mainline employees. Proof of debt forms have also been sent to former employees of Aeropelican, Showgroup, Australian Concessions Management and Kendell Airlines. The following summarises the status of the Ansett mainline proof of debt process as at September 2003:

Total number of Proof of Debt forms sent on 15 May 2003	12,089
Number still to be returned	2,903
Number returned to the Administrators	9,186

Responses received on Proof of Debt forms:

• Agree	8,022
• Under review due to missing information	106
• Disagree:	1,058
- General request for review of redundancy calculation	396
- Engineers claim for additional PILN and/or removal of redundancy cap	438
- Pilots Pre BRP and/or A320 wage training claims	215
- Claims that have been rejected by the administrators	9

Proofs of debt forms have also been sent to former employees of Aeropelican, Showgroup, Australian Concessions Management and Kendell Airlines. The following summarises the status of the proof of debt process for the aforementioned:

Total number of Proof of Debt forms sent	846
Number still to be returned	547
Number returned to the Administrators	299

Responses received on Proof of Debt forms:

• Agree	265
• Disagree:	35
- General request for review of redundancy calculation	18
- Relocation costs claim and general queries	17

ANSETT GROUND STAFF SUPERANNUATION FUND PROCEEDINGS: As you are aware, the major legal case pending is the appeal by the Trustees of the Ground Staff Superannuation Plan. The claim is for up to \$200m.

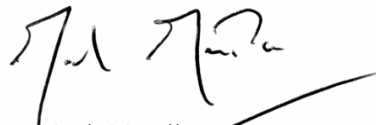
The Trustees of the Ansett Superannuation Ground Staff Plan issued proceedings in the Supreme Court of Victoria seeking answers to specific questions concerning Ansett's liability to pay retrenchment payments to the superannuation fund and the order in which those payments should be made. Justice Warren, at first instance, ruled in favour of Ansett on this matter in December, 2002.

The Trustees thereafter appealed the decision before the Court of Appeal on 11 August 2003. The Court of Appeal has allowed the appeal, in effect, ruling that the Federal Court of Australia should resolve the superannuation issues.

This matter will now be heard on 12 November 2003 in the Federal Court of Australia. The Deed Administrators are committed to expediting the resolutions of these issues.



Mark Korda
Joint Deed Administrator



Mark Mentha
Joint Deed Administrator

Employee Update



KordaMentha

An update for former employees

**Update 19
13 November, 2003**

Dear former employee,

This Update is to advise former employees that proceedings have now commenced in the Federal Court of Australia, in the case Melbourne Ansett Australia Ground Staff Superannuation Plan Pty Ltd .v. Ansett Administration Ltd V310702.

To recap, this is a critical case in that until the outcome is known, no further monies raised can be distributed to former Ansett employees. The Ground Staff Superannuation Fund has demanded via legal proceedings that the Ansett administrators pay as much as \$200 million to meet a shortfall in the Ground Staff Superannuation Fund in priority to retrenchment payments.

The Ansett administration successfully defended this case in the Supreme Court in December, 2002. The Ansett Administration won the case, which meant the payment to employees of retrenchment pay would rank ahead of payments of any shortfall to the superannuation funds.

The Trustees of the Ground Staff Superannuation Fund subsequently signalled they would appeal the Court's decision on 24 March, 2003.

The appeal came before the Court of Appeal on 11 August, 2003. The Court of Appeal allowed the appeal, in effect ruling that the Federal Court of Australia should resolve the superannuation issues.

The proceedings in Court 6A before Justice Goldberg are open and can be attended by members of the public. Court session times are determined daily and obtainable from the Federal Court.

It is not possible to estimate at this stage, the duration of the hearings. We are have been seeking to expedite this matter for some time.

We will issue a further Employee Update as further developments occur. Following is an article regarding the case, which appeared today in The Age newspaper.

Ansett superannuation deed unfair, says QC

By Leonie Wood

November 13, 2003

Ansett employees were not provided with crucial information when they voted to support a deed of company arrangement in early 2002, a deal that relegated one of the airline employees' biggest superannuation funds to the ranks of unsecured creditors, the Federal Court was told yesterday.

Joseph Santamaria, QC, representing trustees of the Ansett ground staff superannuation fund, told Justice Alan Goldberg that the deed agreed by creditors was unfair and ought to be varied or terminated.

He argued that the guiding principle of the ACTU and senior union officials all through the Ansett administration was for workers to be paid as soon as possible, rather than have their benefits deferred until retirement, and that dictate permeated the administrators' actions when they promoted the deed.

The Federal Court case, which started yesterday and will run for about two weeks, is critical to resolving an impasse over the distribution of about \$415 million of cash currently held by Ansett's administrators, Mark Korda and Mark Mentha of KordaMentha.

The ground staff fund, which represented about half of Ansett Airlines' 16,000 employees, wants KordaMentha to pay about \$200 million, which the trustees say is required to meet retrenchment and other payments to fund members.

This is the third time the case has come before the courts. Justice Marilyn Warren in the Victorian Supreme Court heard four Queen's counsel and numerous barristers argue the issue over several weeks in mid-2002.

The trustees were unsuccessful in appealing against her decision in the Court of Appeal.

The administrators so far have paid Ansett workers all their entitlements for annual leave and long service, and redundancy payments up to eight weeks of salary.

The administrators previously have said that if they lose the superannuation case, Ansett employees would have to wait some years before they are paid all their entitlements. About \$360 million is still owed to workers who were entitled to redundancy payments equivalent to more than eight weeks of salary.

If the trustees lose, the administrators immediately could pay \$190 million to the Federal Government and 25¢ in the dollar for the balance of employees' claims and Government claims.

To help fund the payments, the administrators in October 2001 borrowed \$335 million from the Commonwealth, and in turn the Federal Government imposed a \$10 per seat airline ticket tax to supplement any shortfall.

But the tax appears to have reaped about \$135 million more than the Government needs.

Mr Santamaria's opening arguments continue today. The court is expected to hear cross-examination of witnesses next week and final submissions run for four days from November 21.



Mark Korda
Joint Deed Administrator



Mark Mentha
Joint Deed Administrator

Employee Update



KordaMentha

An update for former employees

Update 20
21 November, 2003

AGREEMENT IN PRINCIPLE ON ANSETT PAYMENTS

Dear former employee,

As you know over the recent months we have conducted a series of confidential meetings with the Trustees of the Ansett Ground Staff Superannuation Plan, the Federal Government, Unions representing the Ansett employees, and other key stakeholders to resolve the outstanding issues with the Ground Staff Superannuation Plan.

The Superannuation proceeding, Melbourne Ansett Australia Ground Staff Superannuation Plan Pty Ltd .v. Ansett Administration Ltd V310702 commenced before Justice Goldberg in the Federal Court of Australia on Wednesday 12th November, 2003.

We successfully submitted to the court, that whilst the trial continues, compulsory mediation should also proceed between the interested parties. Mediation commenced on Tuesday 18th November, 2003 before Deputy Registrar Efthim. Late on Thursday 20th November, 2003 the administrators and the Trustees of the Ground Staff Superannuation Plan reached agreement in principle to settle all issues.

We will present the details of the agreement to the Federal Court next Tuesday 25th November, 2003 to seek orders to implement it.

As soon as we are able to do so, we will issue a detailed EMPLOYEE UPDATE advising further progress and outcomes. No further details can be released at this stage, until the court process is completed.

Mark Korda
Joint Deed Administrator

Mark Mentha
Joint Deed Administrator

Employee Update



KordaMentha

An update for former employees

Update 21
25 November, 2003

Federal Court approves further payments to Ansett staff

Dear former employee,

We are pleased to formally advise that today we received Federal Court of Australia approval of a proposal which clears the way for further payments to Ansett staff.

We sought and received Federal Court approval of an agreement formulated during three days of mediation last week involving the key stakeholders - the Federal Government, the Trustees of the Ground Staff Superannuation Plan, the ACTU and the Ansett Administrators.

The agreement provides for a further \$150 million to be paid to employees.

This solution will enable us to deliver a total of \$540 million or an average of 71 cents in the dollar to former Ansett employees. Our intention is to start making further redundancy payments by Christmas with the bulk of payments made during the New Year.

Following is a copy of a media statement issued this afternoon. We look forward to issuing a further Employee Update in greater detail in due course.

MEDIA RELEASE

November 25, 2003

\$300 million of Ansett payments approved

Ansett Administrators Mark Korda and Mark Mentha today sought and received Federal Court approval of an agreement which would clear the way for further payments to Ansett staff.

The agreement considered by the Federal Court in Melbourne today was formulated during three days of mediation last week involving the key stakeholders - the Commonwealth, the Trustees of the Ground Staff Superannuation Plan, the ACTU and the Ansett Administrators.

The agreement provides for a further \$150 million to be paid to employees. Of the \$150 million, \$39 million will be paid to the Ground Staff Superannuation Plan members so as to cover their

shortfall in vested benefits. The amounts paid will be deducted from their outstanding employee entitlements.

“To facilitate this settlement, the Commonwealth has agreed to accept a lesser return as the single biggest creditor to the Ansett Administration, receiving \$150 million immediately, whilst deferring \$67 million of its priority repayment, so as to allow the Administrators to pay this dividend to former Ansett employees,” said Mark Korda.

The Commonwealth will receive its deferred \$67 million at a later date from the future sale of assets – but before any further dividends are paid to employees.

“This is a win for the Ansett employees.” said Mark Korda.

“Ansett employees are owed a total of \$760 million,” said Mark Mentha.

“To date employees have received \$390 million or an average of 52 cents in the dollar. This solution will deliver a total of \$540 million or an average of 71 cents in the dollar.”

“Our intention would be to start making further redundancy payments to employees by Christmas. The process will be complex involving over 60 spreadsheets of calculations across 13,000 employees.

“We currently have \$400 million in the bank, the proceeds of asset and business sales. Of these funds \$300 million will be distributed to the employees and to the Commonwealth. A further \$50 million will be retained for working capital and \$50 million relates to other companies in the group” he said.

We will continue the process of realising assets albeit in a very uncertain global aviation market. Key assets remaining include 27 aircraft, spares, operating businesses such as the simulator centre, engine shop and heavy maintenance, property at Garden Drive and debtor realisations from legal actions.



Mark Korda
Joint Deed Administrator



Mark Mentha
Joint Deed Administrator

Employee Update



KordaMentha

An update for former employees

Update 22
2 December, 2003

Dear former employee,

As you are probably aware, the litigation commenced by the trustees of the Ansett Australia Ground Staff Plan has been settled. For details on the settlement, please read Update 21 on the Ansett website.

There are now a number of procedural issues that are of great importance.

PROOF OF DEBT: Individual proofs of debt forms were mailed to each employee in May 2003. The majority of these have been returned. However a number of proofs of debt have not been returned. You may return your proof of debt by mail to Ansett Australia Payroll, PO Box 362F, Melbourne VIC 3000 or by facsimile to (03) 8600 8433.

If you have not received a proof of debt form or have lost your proof of debt form, please contact the Ansett Employee Hotline on 1800 151 604 or by email at employeehotline@ansett.com.au to request a form to be mailed to you. Please include in your message or email: your name and your employee number and details of your request. This will reduce the need for your call to be returned and ensure that your proof of debt is mailed out as quickly as possible. If you have a facsimile number where the proof of debt can be sent, please also provide these details.

As stated in the proof of debt, if your proof of debt is not returned, then you will **not** receive a payment until your proof of debt is agreed. If you have disagreed with your proof of debt, you will **not** receive a payment until the disagreement is resolved. However, this will not apply to those groups of employees who have disagreed and it is assessed that your redundancy entitlement will not reduce, such as those members of the ALAEA and members of the APA. If an adjustment is required, a further payment will be made at a later date.

CHANGE OF ADDRESS: If you have changed address and have not notified us, it is essential that you do so. This must be done in writing or by email. Please complete the Change of Details Form (available at www.ansett.com.au in the Staff Information section) and return by mail to Ansett Australia Payroll, PO Box 362F, Melbourne VIC 3000 or by facsimile to (03) 8600 8433. You may also change it by email at employeehotline@ansett.com.au by including all the details required on the Change of Details

Form. Some of the details are required for privacy legislation so it is essential that you provide all the details on the form.

CHANGE OF BANK ACCOUNT DETAILS: If you have closed the bank account where you previously received payment from Ansett and have not notified us, it is essential that you do so. This will ensure that you receive the payment as soon as possible.

This must be done in writing or by email. Please complete the Change of Details Form (available at www.ansett.com.au in the Staff Information section) and return by mail to Ansett Australia Payroll, PO Box 362F, Melbourne VIC 3000 or by facsimile to (03) 8600 8433. You may also change it by email at employeehotline@ansett.com.au by including all the details required on the Change of Details Form. Some of the details are required for privacy legislation so it is essential that you provide all the details on the form.

SUPERANNUATION: The Ansett Employee Hotline is not able to answer your queries in relation to your superannuation fund. Accordingly, please contact your superannuation fund directly:

Ansett Australia Ground Staff Fund	1800 815 903	groundstaff@ansettsuper.com.au
Ansett Australia Flight Engineers Fund	1800 009 080	management@ansettsuper.com.au
Ansett Australia Pilots Accumulation Fund	1800 009 040	pilots@ansettsuper.com.au
Ansett Australia Pilots/Management Fund	1800 009 080	management@ansettsuper.com.au
Ansett Australia FAB Scheme	1800 003 227	fabs@ansettsuper.com.au

Alternatively, you may look at the Ansett Superannuation Funds' website at www.ansettsuper.com.au.



Mark Korda
Joint Deed Administrator



Mark Mentha
Joint Deed Administrator

Employee Update 23



An update for former employees

Update 23
18 December, 2003

\$150 million Dividend Distribution

Dear former employee,

We are pleased to formally confirm that at 5.00pm on 10 December, 2003, we authorised the distribution by electronic transfer of \$150 million of further redundancy dividend payments to former Ansett staff.

We have also despatched individual letters and financial statements to all former employees receiving further dividends from this distribution.

We would anticipate that the bulk of the payments have now been received, with all deposits completed, and letters received by close of business Monday, 15 December, 2003.

The payments involving some 585,000 calculations were sent from the central administration bank account to just about every financial institution (banks, credit unions etc) in Australia.

Timing of deposits into individual bank accounts is dependent upon the transaction processes of receiving financial institutions.

The payments have been made in accordance with the Superannuation Settlement and Orders of the Federal Court and processed for all employees who have returned and agreed to the Proof of Debt.

The payments follow Federal Court approval two weeks ago of an agreement which ended court proceedings brought against Ansett by the Trustees of the Ansett Ground Staff Superannuation Plan.

As part of the settlement, the Commonwealth agreed to defer the payment of \$67 million, which enabled the employees to be paid a total of \$150 million.

The Commonwealth was due \$214 million and after the \$67 million deferral, was also paid \$147 million this week.

Should you have any queries, or have not received your payment please contact the Ansett Employee Hotline on 1800 151 604 or by email to employeehotline@ansett.com.au. We also attach the following most frequently asked questions and answers.

Frequently Asked Questions

1. I have not yet received any money in my bank account, yet I have agreed to and returned my proof of debt from, why have some people received money and others not?

On 10 December, 2003 we authorised distribution of \$150 million to former employees who were owed further redundancy and who had returned and agreed to their proof of debt forms. The money has left the central administration bank account and is on its way to thousands of bank accounts throughout Australia, and in some cases overseas. Transactions were sent from the central administration bank account to just about every financial institution (banks, credit unions etc) in Australia. We would anticipate that the bulk of the payments have now been received, with all deposits completed, and letters received close of business Monday, 15 December, 2003. Timing of deposits into individual bank accounts is dependent upon the transaction processes of receiving financial institutions.

2. Reports say prior to the payments made this week, former Ansett staff owed had received 52 cents in the dollar. I have not received 52 cents in the dollar; does this mean I have been underpaid?

This figure is an average across all redundant employees. Some employees may have received more, some less, depending on length of service. For example, all employees who were entitled to a total of 8 weeks redundancy and under have received 100% or 100 cents in the dollar, whereas those who were entitled to a greater redundancy, will have received a lower percentage, but are likely to have received a greater amount.

3. Reports said following the Federal court ruling, and further distribution of redundancy dividends, employees will have received 71 cents in the dollar. Does this mean I should receive a further 71 cents in the dollar or 71% of the remaining redundancy dollars owed?

Employees have received in total \$550 million in payments of entitlements of \$760 million owing, including the SEESA payment. This is an average of 71 cents in the dollar of total entitlements owing, however this will vary for each individual employee.

4. Will I receive a statement showing me exactly what I am receiving?

Yes, figures for each employee owed further redundancy have been calculated and are distributing statements by mail with personal financial statements detailing payments made to individuals.

5. When will the remainder of my entitlements be paid, after I have received the next dividend?

The balance of your entitlement will be paid if and when the funds become available as a result of further sale of assets. This could take some considerable time as a result of the downturn in the aviation industry globally. However prior to the next dividend, the Deed Administrators are required by order of the Federal Court to repay \$67 million to the Commonwealth, which the Commonwealth agreed to have deferred from this dividend payment.

6. I have disagreed with my entitlements, and have stated that in my Proof of Debt form. When will I receive the next dividend?

Former employees who have not agreed to their latest proof of debt statement will not have received a payment in the distribution made this week. Payments can only be made once proof of debt is agreed. Employees who have disagreed with their current proof of debt will receive a payment once the disagreement has been resolved. However this does not apply to those groups of employees who have disagreed and it is assessed that your redundancy entitlement will not reduce, such as those members of the ALAEA and members of the APA as well as employees with pre BRP capping issues. If an adjustment is required, a further payment will be made at a later date.

7. I don't disagree with my Proof of Debt form, but I did not return it. Will I a payment in the current distribution?

If you have lost or not returned your proof of debt form, then you will not receive a payment until your proof of debt is agreed to and returned.

8. How will the money be paid?

The money will be distributed into your bank account. If you have changed accounts since leaving Ansett, please ensure you update your details in writing or by email. Please include your full name, employee number, date of birth, old account details and your new account details. This can be mailed to Ansett Australia Payroll, PO Box 362F, Melbourne VIC 3000 or by facsimile to (03) 8600 8433 or alternatively email to payquery@ansett.com.au

9. Will the money be taxed?

This will be dependant on whether or not the money you receive falls under the tax free threshold and the years of service you were employed at Ansett. However as this is a part payment we would envisage in most cases, this will not incur tax as it falls under the threshold. Any tax that may be deducted will be included on your statement.

Please note that the Ansett Employee Hotline is not able to answer your queries in relation to your superannuation fund. Accordingly, please contact your superannuation fund directly, or go to the Ansett Superannuation Funds' website at www.ansettsuper.com.au.

Ansett Australia Ground Staff Fund	1800 815 903	groundstaff@ansettsuper.com.au
Ansett Australia Flight Engineers Fund	1800 009 080	management@ansettsuper.com.au
Ansett Australia Pilots Accumulation Fund	1800 009 040	pilots@ansettsuper.com.au
Ansett Australia Pilots/Management Fund	1800 009 080	management@ansettsuper.com.au
Ansett Australia FAB Scheme	1800 003 227	fabs@ansettsuper.com.au

Finally we would like to add that following settlement of the case, that considering the size and complexity of the distribution, our aim was to commence paying people by Christmas with the bulk of payments completed by the end of January.

We are delighted to have completed this distribution well ahead of schedule, a task made possible with strong support from the Ansett administration team including former Ansett people.

Please be assured that we will continue our efforts to achieve even more funds from asset realisations.



Mark Korda
Joint Deed Administrator



Mark Mentha
Joint Deed Administrator

Employee Update



KordaMentha

An update for former employees

Update 24
18 February 2004

Dear former employee,

Ground Staff Fund: We understand that some confusion has arisen from some recent correspondence sent in relation to the winding up of the ground staff superannuation fund. The purpose of this note is to assist in answering some of the queries raised.

As you may be aware, the trustee of the Ground Staff Fund commenced proceedings against Ansett Australia and the administrators to determine whether the claim of the trustee for the superannuation shortfall ranked to priority. This matter was settled and the Federal Court approved the settlement.

The settlement directed that Ansett and the administrators should pay to members of the Ground Staff Fund an amount as redundancy that was calculated as reference to the shortfall amount in the Ground Staff Fund. This amount was \$39 million in total.

It also directed that a special equalising dividend be paid to non-ground staff fund members, this amounted to \$28 million. In addition, to ensure that total employee entitlements remain constant, the Federal Court directed that the aforementioned payments be deducted from the total amount of redundancy owing to each employee.

These above amounts are known as the First Special Dividend on your Notice of Declaration of Dividend from the administrators. This amount was paid direct to the individual (or held separately for those not yet made redundant). There was no order that Ansett or the administrators should pay any money to the Ground Staff Fund to make up this shortfall.

In the letter you received from Mellon dated on or about 25 November 2003, this amount was referred to as "payment already made by the Ansett Administration". Some concerns have been raised that this amount was deducted twice. This assertion is incorrect; the amount represents the shortfall in your superannuation, and was paid directly to you. As it has been paid to you (or if not made redundant, held separately for you), it does need to be deducted from your redundancy entitlements in accordance with the Federal Court order.

As there is only one pool of money that can be distributed by the administrators, this outcome is the best for all employees, including members of the Ground Staff Fund. If the money had been paid directly to the Ground Staff Fund to cover the shortfall in the benefits as at 30 June 2003, it would have reduced the available funds for payment of redundancy entitlements and there would have been increased tax consequences.

Withholding of Pilots' Salaries: Pilots were notified in March 2002 of the Deed Administrators' intention to deduct from their redundancy entitlements, wages paid to them during the period they were stood down without pay from 14 to 30 September 2001. The stand down order dated 14 September 2001 enabled the Deed Administrators to stand down employees without pay during this period. As a result, an estimate of the wages paid to pilots relating to the stand down period is currently being withheld by the Deed Administrators. Further work has been done to determine these amounts. However, the Ansett Pilots Association, on behalf of the pilots, has now challenged this action through their legal representatives. Accordingly, further action is being withheld until the Deed Administrators have taken further legal advice.

Sale of Aircraft: We are pleased to confirm the sale and delivery in late December of British Aerospace 146 freighter aircraft VH-JJZ.

The Aircraft Sale Deed was signed in early December and the aircraft completed its customer approval flight on 10 December 2003. It left Melbourne on a delivery flight to the UK on 15 December 2003 and arrived on 18 December 2003. The success of this sale has increased interest in the other British Aerospace 146 freighter aircraft.



Mark Korda
Joint Deed Administrator



Mark Mentha
Joint Deed Administrator



ANSETT EMPLOYEE UPDATE

Update 25
2 April 2004

Dear Former Employee,

The Fourth Report to Creditors of the Ansett Australia Group of Companies has been finalised and is now available on the following websites: <http://www.kordamentha.com/national/creditor.aspx> and <http://www.ansett.com.au>.

This update provides a copy of the Executive Summary and a list of frequently asked questions.

EXECUTIVE SUMMARY

Introduction

This is our Fourth Report to Creditors for the Ansett Group of Companies. We have also provided 51 updates to the Committees of Creditors and 23 updates to employees.

Major Litigation Settled

The major matter resolved since our Third Report was the settlement of the legal action taken against Ansett Australia Limited (AAL) by the Trustees of the Ground Staff Superannuation Plan. The Trustees were seeking AAL to pay up to \$200m to the members of the Ground Staff Superannuation Plan, rather than to employees of AAL. It took until 25 November 2003 to settle this matter. The settlement was very favourable for employees.

Asset Realisations

Assets realised to date (net) total \$490.3m, with an estimated \$102.1m (excluding aircraft) still to be realised. This is approximately \$30m more than was reported in the Third Report. We would like to particularly thank the continuing employees that have worked hard in difficult circumstances to deliver this result.

Aircraft are proving very difficult to sell. In the First Report, we estimated realisations from aircraft at \$300m (this was based on an independent expert valuation). In subsequent reports, we revised estimates to \$250m, \$150m and in this report, \$70m for the remaining aircraft. The state of the global aviation market, whilst now showing some signs of improvement, continues to be depressed when compared to pre-September 2001 levels and the rise in the value of the Australian dollar against the US dollar has further reduced values.

Return to Employees

Employees have received \$547.7m of the total employee entitlements which are currently estimated at \$766.4m.

We estimate employees will receive a further \$85.1m. Changes in conditions may materially impact this estimate. We are predominantly reliant on the state of the global aviation market to determine the ultimate return to creditors.

To enable employees to receive a large dividend payment on 10 December 2003, the Commonwealth Government deferred payment of \$67m due to it, which we anticipate will be paid during 2004. Accordingly, distributions to employees will resume in 2005.

Return to Commonwealth Government

The Commonwealth Government advanced the Administrators through the SEESA scheme \$334.9m, of which \$159.5m has been repaid. Of the \$67m deferred by the Commonwealth Government, \$49.2m remains to be paid prior to any further distributions to employees. It is expected the Commonwealth Government will receive \$273.2m in total.

Return to Other Creditors

It is unlikely that there will be any return to other creditors of AAL. Certain asset realisations in certain Ansett Group companies of up to \$40m may be available to other creditors of those particular companies and we will report separately on this.

Creditors Meetings

We regularly report to the Committees of Creditors and provide updates to employees. We also meet frequently with representatives of key stakeholders including employees and the Commonwealth Government.

It is probable that certain Deeds of Company Arrangement (DOCAs) will need to be varied to deal with future distributions. Accordingly, we will defer any creditors meetings until variations of the DOCAs are known and ready to be voted on by the creditors.

For further information, creditors can call the Administrators and their staff or view the Deed Administrators' web sites.

Frequently Asked Questions

It has been stated employees have received 71 cents in the dollar. Does this mean I should receive 71 cents in the dollar?

Employees have received in total \$547.7 million in payments of entitlements of \$766.4 million owing, including the SEESA payment. This is an average of 71 cents in the dollar of total entitlements owing, however this will vary for each individual employee.

When will the remainder of redundancy entitlements be paid?

The balance of your entitlement will be paid if and when the funds become available as a result of further sale of assets. This could take some time as a result of the downturn in the aviation industry globally. However prior to the next dividend, the deed Administrator is required by order of the Federal Court to repay \$67 million to the Commonwealth. Accordingly, distributions to employees will not resume until 2005.

What is the estimated total return to employees?

We estimate employees will receive a further \$85.1m, this figure could change as conditions may materially impact this estimate. If this figure is achieved the total return to employees will be an average of 83 cents in the dollar. Please note this will vary for each individual employee.

What are the total assets realised to date and what is the total amount expected to be realised?

To date the administration has realised a total net amount of \$490.3m, we estimate total realisations are expected to be \$520.0m. In our third report we said that the total realisation excluding aircraft were expected to be \$ 490.0m, so we have exceeded our expectations by \$30.0m.

What is now owed to the Commonwealth Government?

The Commonwealth Government advanced to the Administrators a total of \$334.9m to cover annual leave, long service leave, payment in lieu of notice and up to 8 weeks severance pay through the SEESA scheme. To date \$159.5m has been repaid to the Commonwealth. To enable employees to receive a large dividend payment in December 2003, the Government deferred a payment of \$67m that was due to them. At this stage a further \$17.8m of that \$67m has been paid and a further \$49.2m must be repaid prior to any further distributions to employees. It is expected the Commonwealth will receive a total of \$273.2 m.

In the Third report to Creditors it stated the estimated total return to employees was estimated to be 92 cents in the dollar, why has this estimated figure changed?

As a result of the downturn in the aviation industry globally the expected returns as originally estimated have proved difficult to achieve, as well as the rise in the value of the Australian dollar against the US dollar has further reduced values. In the first report, we estimated realisations from aircraft at \$300m, in subsequent reports we revised estimates to \$150m, and the Fourth Report we have revised the estimate to be \$70m for the remaining aircraft.

Why has the total employee entitlement figure increased since the Third Report to Creditors?

Total employee entitlements are currently estimated at \$766.4m compared to \$735.8m in the Third Report. The additional claims relate mainly to the claim by the ALAEA that the redundancy and payment in lieu of notice entitlements should be calculated differently than the way it has been calculated by the Deed Administrators.



Mark Korda
Joint Deed Administrator



Mark Mentha
Joint Deed Administrator

Ansett Employee Update



Update 26
15 June 2004

Dear Former Employee,

This update provides details on the status of dividend payments to employees, a review of the subdivision of Garden Drive, a summary of other realisations and an update on the Ansett Superannuation Plans.

DIVIDEND PAYMENTS

When we settled the superannuation dispute, \$150m was approved for distribution to employees. Of the \$150m only 2.6% of this amount remains to be paid. In order to distribute these monies, our efforts are focusing on the limited number of employees who are yet to formally agree to their individual proof of debt calculations and those whom we simply can't locate or have changed banking details.

As part of the settlement, the Commonwealth Government agreed not to receive \$67m in December 2003. We agreed to repay the \$67m during 2004. We have repaid \$23.5m, leaving a balance of \$43.5m. We expect the \$43.5m to be paid during 2004. Accordingly, we anticipate dividends to employees will resume in 2005.

GARDEN DRIVE SUBDIVISION

We have written to you previously detailing the strategy behind the subdivision of the 42 acre site at Garden Drive, Tullamarine, however, a short re-cap is detailed below:

Our market research indicated that we may have returned approximately \$10 to \$13 million by selling the property in a single property transaction. We would also have incurred ongoing rental costs charged by a new owner for the property occupied by Ansett Administration staff during the asset realisation process.

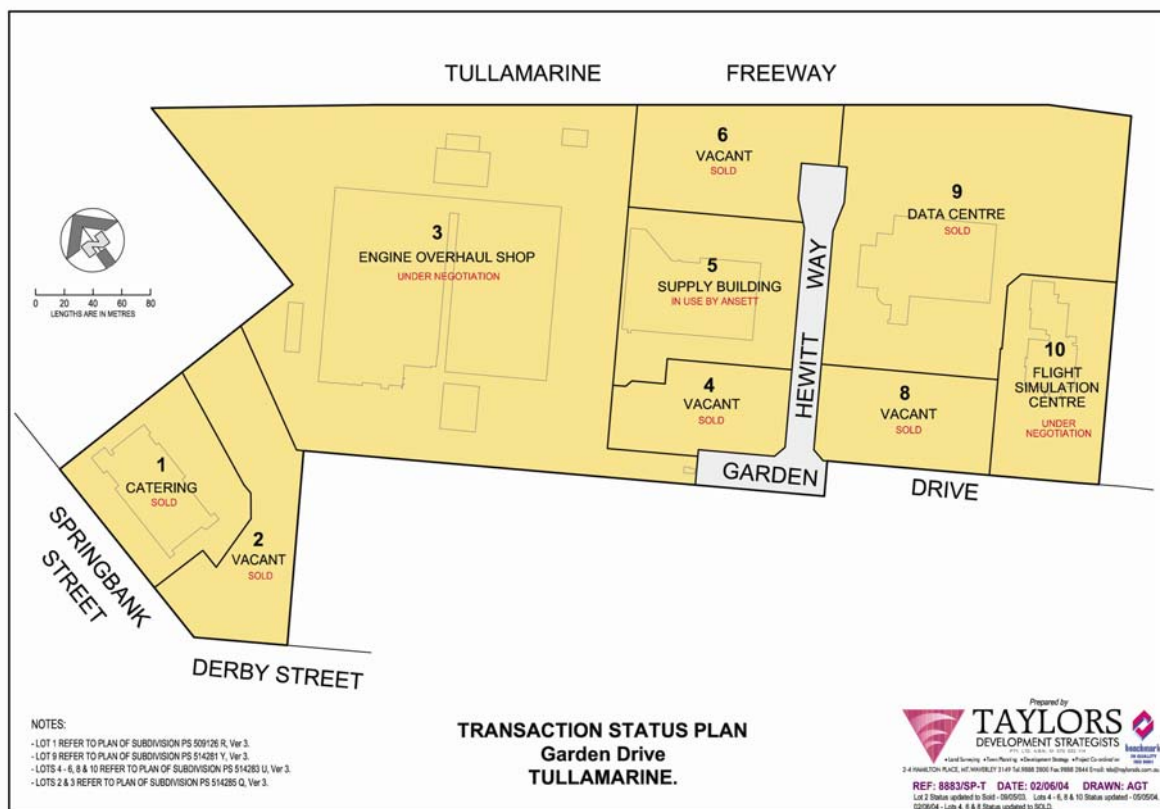
A decision was made to develop the property through the division of the properties and buildings into "Super-lots" of appropriate size and facilities for marketing individually to potential investors, developers and owner occupiers. The subdivision, known as "Melbourne Gateway Business Park", enhanced the value of the site as it allowed us to market each purpose built facility on the site to interested parties rather than developers who would pay land value only.

Significant civil engineering works have been undertaken over the last 12 months to separate the various inter-connected services which traversed the site. These civil engineering works included:

- Provision of separate water supply to each lot;
- Provision of gas supply to each lot;
- Significant sewer works and telecommunications works; and
- Provision of new public road access to Lots 4, 5, 6, 8 and 9.

Realisation Process

The following graphic provides an overview of the Melbourne Gateway Business Park with the status of each allotment.



As advised previously, we sold a number of the key facilities with settlement to occur on completion of the subdivision process and the issue of new certificates of title. These facilities included the catering facility and data centre both of which were sold for continued use as purpose built facilities.

The vacant land was held back to be auctioned on completion of the subdivision to gain the maximum value from the site with investors, developers and owner occupiers able to see the completed business park at that point.

An auction was held on site on Thursday, 27 May 2004 to sell the last three remaining vacant sites. This auction was hotly contested by a crowd of approximately 50 people resulting in all three sites selling for \$4.37 million, above the expected realisation price of \$3.0 million.

A summary of the asset realisations at Garden Drive is provided in the following table:

Site	Actual Price	Status
Lot 1 – Flight Kitchen	\$3,000,000	Sold & Settled
Lot 2 – Vacant Site	\$ 560,000	Sold – settlement due by 30 June
Lot 3 – Engine Shop	Confidential	Under Negotiation – Expected settlement July 2004
Lot 4 – Vacant Site	\$1,290,000	Sold – settlement due 27 July
Lot 5 – Supply Building		In use by Ansett Administration
Lot 6 – Vacant Site	\$1,610,000	Sold – settlement due 27 July
Lot 8 – Vacant Site	\$1,470,000	Sold – settlement due 27 July
Lot 7 & 9 – Data Centre	Confidential	Sold – settlement due 18 June
Lot 10 – Flight Simulation Centre	Confidential	Under Negotiation
Estimated Total Realisations	\$28 to \$30 mill	

Conclusion

The subdivision strategy has been successful with gross realisations from the development now expected to be in the order of \$28 to \$30 million. Actual subdivision costs are in line with our budget of \$2.5 to \$3 million, therefore, the total project should now return a net realisation of around \$25 to \$27 million as compared to the initial estimated value of \$10m to \$13m.

OTHER REALISATIONS

We continue to make steady progress on other asset realisations.

From 31 December 2003 to 31 May 2004 a summary of the major realisations (in cash before costs) are as follows:

	\$M
Sale of Engines and Fokker 50s	15.8
Collection of Debtors	2.7
Sale of Spare Parts	8.4
	26.9

Costs incurred are in accordance with budget.

ANSETT SUPERANNUATION PLANS

Over the last few months significant progress has been made to resolve outstanding issues and problems connected with the various Ansett Superannuation Plans. Action has been taken by the trustees to roll members benefits into their nominated funds and to close the five plans.

- **Ground Staff Plan**

Benefits have been paid or rolled over by the trustees of the plan for over 7,300 members in accordance with their instructions. Approximately 2,000 members did not respond to correspondence from the trustees and their benefits were paid to the trustees of AusFund – the Ground Staff Plan’s Eligible Rollover Fund. AusFund is working with the Ansett Deed Administrators and through other sources to try to locate members.

If you know of anyone who has changed their address and may not have provided rollover instructions to the Plan please put them in touch with AusFund on 1300 361 798.

The Trustee has financial and administrative matters in progress to finalise accounts at 30 June 2004 to meet the statutory reporting deadlines and to ultimately close the Plan by the end of the year.

- **Pilots and Management Plan**

The Trustee is working with Mellon to prepare Members' Termination Quotes in accordance with the Plan Actuary's recommendations. These funds will be distributed in the near future and members will be able to provide instructions to rollover their Resignation Benefits into a fund of their choice. As was advised in the latest communication to Pilots and Management members by Mellon, the Court will be requested to confirm the basis for distributing the remaining assets. This matter should be resolved later this year. If you have any queries please contact Mellon on 1800 609 080.

- **Flight Engineers' Plan**

A court order was issued in April 2004 by the Supreme Court in relation to the surplus in the Plan. Currently the members are being paid out and closure of the plan is underway. If you have any queries please contact Mellon on 1800 609 080.

- **Flight Attendants' Benefit Scheme**

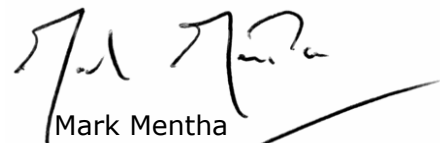
The members of this plan have recently been paid out by the Trustees or had their benefits rolled into another fund. The aim is to close the fund by 30 June 2004. If you have any queries please contact Mellon on 1800 609 080.

- **Pilots' Accumulation Plan**

All outstanding benefits to members have been paid out with expected complete closure of the fund by 30 June 2004. If you have any queries please contact Mellon on 1800 609 080.



Mark Korda
Joint Deed Administrator



Mark Mentha
Joint Deed Administrator

Ansett Employee Update



Update 27
30 July 2004

Dear Former Employee,

Following is an update on the progress of the Ansett administration.

SALE OF ANSETT ENGINE SHOP

On 5 July 2004, after 6 months of negotiations, agreements for the sale of the engine and overhaul workshops to Jet Turbine Services ("JTS") were signed. JTS is a joint venture between Qantas Airways and Patrick Corporation.

Settlement of the sale was completed this week and Ansett was paid in full.

Ansett Australia Engineering Services has been granted a three month licence by JTS to continue to perform electroplating and high speed grind services for Qantas.

REPAYMENT OF MONIES FROM AASS: \$5.3m

On 30 June last year we sold Ansett Australia Spares and Service ("AASS") in the United States to a management buyout team.

As part of the sale we provided vendor finance, repayable in instalments until 1 June 2006, with a discount if paid in full by 30 June 2004.

We are pleased to advise that on 30 June 2004 AASS paid Ansett in full and we received approximately \$5.3m.

AASS continues to sell Ansett's rotables and consumables under a consignment and marketing agreement. We receive approximately \$1m per month from AASS for the sale of spares.

GARDEN DRIVE SUBDIVISION: \$4.9m

Lots 2, 4, 6 and 8 sold at auction recently were settled and we received \$4.9m on 27 July 2004.

Ansett Employee Information



9 August 2004

Dear Former Employee,

PAYMENT OF INCREASED PILN TO OTHER AWARDS

Following the decision of the Federal Court regarding increased PILN for ALAEA members, an assessment of other award employees to whom increased PILN payments may be due has been completed and a claim for \$8.2m was submitted to SEESA for assessment and funding.

The other awards comprise:

- Professional Engineers (Domestic Airline Operators) Award 1984
- MEWU (Ansett) Award 1989
- Transport Workers (Airlines) Award 1988
- Aircraft Industry (Domestic Airlines) Award 1980


For PILN, these awards have notice period provisions as follows:

1-4 years service	4 weeks notice
5-9 years service	8 weeks notice
10+ years service	12 weeks notice

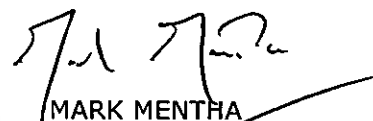
This differs to the Ansett Australia Collective Bargaining Agreement 1999 ("EBA IV") in which notice is 4 weeks and the Workplace Relations Act which requires 5 weeks notice be given to those over 45 years who have 5 or more years of service. The claim submitted to SEESA represents the difference in entitlements between the two instruments.

Payment from SEESA was received by the Deed Administration on 30 July 2004.

Payment to the 1,886 "other award" employees to whom increased PILN was due, was made on Wednesday, 4 August 2004.



MARK KORDA
Joint Deed Administrator



MARK MENTHA
Joint Deed Administrator

UPDATE ON REMAINING AIRBUS A320 AIRCRAFT STATUS

While it is our clear preference and intention to sell the remaining owned Ansett aircraft, remarketing efforts to date have not identified any parties making acceptable offers for the A320 aircraft. Our remarketing advisors, Pembroke Capital, have therefore recommended placing the A320 aircraft on lease to attract potential investors. There are significant flow-on benefits arising from entering leases including:

- Improved market perception of an operating aircraft;
- Generating cash flow to contribute towards the cost of heavy maintenance checks (which accrue through the passage of time, irrespective of usage); and
- Saving on parking, idle maintenance and insurance costs.

We have negotiated lease arrangements for the two Ansett owned A320 aircraft and they are now operating in Europe.

DIVIDEND PAYMENTS

In December 2003, the Commonwealth agreed to defer receiving \$67m of its first dividend. Under the terms of the settlement the Commonwealth must receive the next \$67m in dividends. To date we have paid the Commonwealth \$31m leaving a balance outstanding of \$36m. We will be remitting next week funds received from the sale of recent asset sales of approximately \$21.5m which will reduce the balance outstanding to only \$14.5m.

Of the \$150 million dividend payment to employees approved on 25 November 2003, \$360,000 remains to be paid to employees. In order to distribute these monies, efforts have focused on locating a significant number of people who have either changed address or bank details and not yet notified us of the changes.

FINANCIAL INFORMATION

We are reviewing and reconciling accounts as at 30 June 2004. Broadly, realisations continue to exceed the amounts stated in the fourth report to creditors.

PAYMENT OF INCREASED PILN TO QUALIFYING ALAEA MEMBERS

\$4.6m of increased pay in lieu of notice (PILN) entitlements have been funded by SEESA and paid to qualifying ALAEA members in the last 4 weeks. There are a small number of qualifying members to whom payments are outstanding for a variety of reasons. We are working through these issues to ensure prompt payment of these monies.

PAYMENT OF INCREASED PILN TO OTHER AWARDS

An assessment of other award employees to whom increased PILN payments are due has also been completed and a claim for \$8.2m has been submitted to SEESA for assessment and funding.

The other awards comprise:

- Professional Engineers (Domestic Airline Operators) Award 1984
- MEWU (Ansett) Award 1989
- Transport Workers (Airlines) Award 1988
- Aircraft Industry (Domestic Airlines) Award 1980

Payment will be made once SEESA provides funding to us.



MARK KORDA
Joint Deed Administrator



MARK MENTHA
Joint Deed Administrator

Ansett Employee Information



9 August 2004

Dear Former Employee,

PAYMENT OF INCREASED PILN TO OTHER AWARDS

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This differs to the Ansett Australia Collective Bargaining Agreement 1999 ("EBA IV") in which notice is 4 weeks and the Workplace Relations Act which requires 5 weeks notice be given to those over 45 years who have 5 or more years of service. The claim submitted to SEESA represents the difference in entitlements between the two instruments.

Payment from SEESA was received by the Deed Administration on 30 July 2004.

Payment to the 1,886 "other award" employees to whom increased PILN was due, was made on Wednesday, 4 August 2004.



MARK KORDA
Joint Deed Administrator



MARK MENTHA
Joint Deed Administrator

Dear Former Employee,

Following is an update on further progress related to the Ansett Administration

SALE OF THREE REMAINING KENDELL OWNED AIRCRAFT

On 1 August 2004 the sale of the three remaining Kendell owned SAAB 340A aircraft to Regional Express was settled. The three SAAB 340A aircraft were previously on lease to Regional Express and the result is a successful conclusion to ongoing negotiations in respect of these aircraft. The sale terms remain confidential.

REMAINING AIRCRAFT

Of the 133 aircraft originally in the Ansett Group fleet, only 18 aircraft remain available for sale or lease. These aircraft comprise six Boeing 767-200; one BAe146-200QT; one BAe146-200 and ten BAe146-300 aircraft. As previously advised, the two Airbus 320-200 are on lease in Europe and Northern Africa. We are continuing to progress the potential sale of the Boeing 767 aircraft and spare engines to an American based company. To date the prospective purchaser has completed due diligence on the aircraft and engines. We will keep you updated on the progress of this sale.

SUMMARY OF FINANCIAL POSITION/DIVIDEND PAYMENTS

In December 2003, the Commonwealth agreed to defer receiving \$67m of its first dividend. Under the terms of the settlement the Commonwealth must receive the next \$67m in dividends. To date we have paid the Commonwealth \$52.4m leaving a balance outstanding of only \$14.6m. We expect the balance to be fully paid out by October 2004.

Broadly, realisations continue to exceed the amounts stated in the fourth report to creditors (estimated to total \$590m).

When the \$67m deferred dividend has been paid to the Commonwealth, the most important issues to be resolved in order to pay future dividends are:

- Asset Realisations of approximately \$55m including
 - sales of property

- sale of simulator centre
- sale of consumables and engines
- collection of remaining debtors
- Aircraft Sales of approximately \$70m
 - sell 767's – we currently have expressions of interest
 - sell A320's on lease
 - sell BAE146 – we have expressions of interest
- Controlling costs to complete budget of \$50m
- Resolving pooling
- Resolving contingencies

PREFERRED BIDDER NAMED FOR ANSETT FLIGHT SIMULATOR CENTRE

Over the past few months two parties completed a due diligence procedure prior to making offers to purchase the Flight Simulator business and assets. This involved both parties working with Simulator Centre staff as well as the Deed Administrators extracting information required in order for each party to submit an offer.

The formal bidding process finished in late June and the Deed Administrators have selected a preferred bidder.

We are now in exclusive negotiations with the preferred bidder who is also liaising with the Australian Services Union and all employees to arrange a smooth transmission of business. We anticipate that the sale will be completed in September 2004.

IATA

Background

Ansett Australia Holdings is the defendant in litigation with the International Air Transport Association (IATA).

The litigation concerns the applicability of the IATA Clearing House Regulations ("Regulations") to Ansett subsequent to the appointment of Voluntary Administrators to the group on 12 September 2001.

IATA is seeking an order reversing the Administrators' alleged decision that the IATA Clearing House Regulations ceased to apply as at the date of the Administration. The effect of Ansett's interpretation is that net debtor Clearing House members are indebted to Ansett in respect of transactions that were not cleared under the Regulations as at 12 September 2001.

Ansett's view is that those transactions must be dealt with in the Administration of Ansett in the same manner as all other unsecured creditors. Ansett is seeking a declaration from the court to this effect.


Recent Events

The trial is listed in the Supreme Court of Victoria to commence on 2 February 2005 and it is estimated that the proceedings will take between five to seven days.

Following the exchange of affidavits by the Parties in September 2003, IATA substantially altered its position by abandoning its claim that it is a creditor of Ansett for the clearance months of January 2002 to April 2002 (inclusive). IATA's amendments effectively reduced IATA's claim against Ansett and the Deed Administrators by US\$2.4m to US\$4.4m plus interest & costs.



Mark Korda
Joint Deed Administrator



Mark Mentha
Joint Deed Administrator

Dear Former Employee,

Following is an update on further progress related to the Ansett Administration

We are pleased to announce that an agreement to sell the six remaining Boeing 767-200 aircraft and four remaining CF6-80A engines was signed by various entities within the Ansett Group on 13 September 2004.

Sale of Boeing 767 Aircraft and Engines

The total package price is approximately **AUD\$45 million**, of which approximately AUD\$30 million relates to assets owned by Ansett Aviation Equipment Pty Ltd ("AAE") and the balance relates to assets owned by Ansett Australia Limited. The purchaser is Aeroturbine, Inc of Miami, USA, with whom Ansett has previously concluded a number of successful engine sales since entering administration. A cash Performance Bond amounting to 10% of the Sales Price, and the Sales Price for the first two engines has already been received into the Ansett bank account.

Key aspects of the deal are summarised below:

- Includes six 767-200 aircraft and four CF6-80A engines, delivered "as is" in Melbourne;
- Ansett are providing up to 35,000 man hours and US\$0.15m materials/services on "use it or lose it" basis and shall be applied as directed by Aeroturbine;
- Delivery of the aircraft will occur progressively every sixty days over the next twelve months, commencing on or about mid-November 2004;
- Delivery of the first two engines has already occurred, with the remaining two engines due to settle at sixty day intervals;
- All aircraft will fly from Melbourne;
- It is likely the first five will ferry overseas after minimal return to service work. The sixth aircraft may undergo a heavy check at the Ansett maintenance facility on a "slow burn" basis over the next 12 months.

The risks involved in this transaction include:

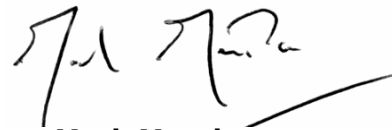
- Completion – this is partially offset by the Performance Bond which should at all times equal 10% of the outstanding Sale Price for the package. Ansett has also successfully concluded a number of prior transactions with Aeroturbine.
- Liens – Ansett and AAE are obliged to defend any lien claims that arise relating to the period prior to delivery for six months following last Delivery. This may extend to March 2006.
- Foreign exchange – the transaction is denominated in US dollars and receipts are to be spread over the next 12 months.

This deal has progressed very swiftly following receipt of an indicative offer from Aeroturbine on 27 July 2004. Following acceptance of the offer by Ansett, after consultation with the creditors of AAE, Aeroturbine provided a cash deposit of US\$0.5 million and was granted a 30 day period in which to conduct inspections of the aircraft, engines and related technical records. Their technical team identified a number of issues that were subsequently addressed, leading to execution of the final Agreement on 13 September 2004.

There remains a considerable amount of work to be completed prior to the departure of the final aircraft (up to 35,000 man hours), however we would like to thank the various Ansett personnel involved in progressing the deal to this stage.



Mark Korda
Joint Deed Administrator



Mark Mentha
Joint Deed Administrator

Dear Former Employee,

Following is an update on further progress related to the Ansett Administration

COMMONWEALTH DIVIDEND PAYMENTS

This week the Commonwealth will be paid a further \$10.4 million. This means the Commonwealth deferred dividend of \$67 million will have been paid in full, approximately 3 months earlier than forecast.

SALE OF TWO A320 ENGINES

On 1 March 2004 two CFM56-5A1 engines were leased to Spanish based airline Iberia Lineas Aereas de Espana SA on short-term leases. One of the engines has now been redelivered while the other engine does not meet the required redelivery condition and is undergoing an overhaul at the lessee's facility.

On 30 August 2004 an agreement was signed for the sale of these two engines for USD\$6.25 million to Aeroturbine, Inc of Miami USA. On 28 September 2004 payment of the sale price was received for the first engine. The remaining funds will be deposited when the other engine meets the required redelivery condition. This continues our good relationship with Aeroturbine, Inc to whom, as reported in Update 59 we sold the remaining six B767 aircraft and four engines.

FINAL PAYMENT RECEIVED FOR SALE OF PERTH AIRPORT

On 4 December 2002 the Deed Administrators settled an agreement with the Westralia Airports Corporation (WAC) to take control of the former Ansett Domestic Terminal at Perth Airport. The agreement was structured so that WAC would remit payment in a number of instalments. On 15 September 2004 the final instalment of \$4.2 million was received, concluding this transaction.

INFORMATION TECHNOLOGY

In Update 56 it was reported that the IT department was reviewing the mainframe hosting services in response to notification from Hitachi Data Systems (HDS) of their intention to terminate Ansett's current services by the end of 2004.

There is an on-going requirement at Ansett to access mainframe data for the maintenance of aircraft, sale of spares and debt recovery. Ansett has been investigating two options to replace HDS' hosting services:

- 1) Migrate to another platform; and
- 2) Purchase of replacement hardware and associated services.

It was determined that it is not cost effective to migrate to another platform. Preliminary costing for a migration of Ansett's magnitude is in millions of dollars due to data mapping and cleansing complexity, training, business process re-engineering, and process documentation to meet CASA/Airworthiness authority requirements.

Several proposals from mainframe hosting service providers have been assessed and the most cost effective option is for Ansett to purchase a mainframe processor and associated hardware and transfer mainframe hosting services from HDS to Independent System Integrators (ISI).

ISI was chosen because Key ISI staff are former HDS employees who successfully managed the Ansett transition from IBM to HDS in May 2002 and are very familiar with Ansett's requirements and other HDS clients who share the HDS mainframe with Ansett have also decided to move their mainframe operations to ISI.



Mark Korda
Joint Deed Administrator



Mark Mentha
Joint Deed Administrator

Dear Former Employee,

During October, administration progress has included the sale of the Ansett Flight Simulation Centre, the settlement of engine sales and one Boeing 767-200 aircraft to Aeroturbine Inc., the resolution of a dispute with Ansett's Aircraft parts re-marketing agent Ansett Aircraft Spares and Services Inc. ("AASS") and the continuing recovery of funds via settlements with travel agents.

SALE OF ANSETT FLIGHT SIMULATION CENTRE

On 21 October 2004 the Ansett Flight Simulation Centre was sold to Aviation Training Australasia Pty Limited. Two preferred bidders were identified after a number of parties had expressed interest in purchasing the Simulation Centre. The two bidders conducted a due diligence process in conjunction with the Deed Administrator and Simulation Centre staff. Final negotiations were conducted with the buyer, and the sale contract has been signed. The sale includes the business, related buildings, land and the Ansett owned Flight Simulators.

In order to maximise the return from the sale it was necessary to provide partial vendor finance for a 3 year period, with security retained over the Flight Simulation Centre's assets. It was also necessary as part of a negotiated settlement with the relevant employees to provide limited guarantees for employee entitlements in the event of the on-going business being unsuccessful. These guarantees permitted the successful transfer of the employees and their entitlements to the purchaser which again maximised the return from the sale.

The new owners have extensive experience in business, and see great potential in the Flight Simulator Centre. The new owners plan to promote the business into Asia and beyond. One of the pleasing aspects of the sale is the retention of all staff at the Flight Simulation Centre by the purchaser.

SALES TO AEROTURBINE INC.

As reported in Update 29, various entities in the Ansett Group sold six Boeing 767-200 aircraft and four CF6-80A engines to Aeroturbine Inc. on 13 September 2004. Since that date Ansett has settled on three of the four spare engines and the sales price for those engines has been received in full. The first aircraft (VH-RMK) was scheduled for delivery on 12 November 2004, however return-to-service tasks have proceeded faster than expected and the aircraft was formally delivered to Aeroturbine Inc. on 25 October 2004. The sales price has also been received in full and the aircraft has been deregistered from the Australian register. The aircraft departed from Melbourne on 30 October 2004 and flew to Miami.

RESOLUTION OF A DISPUTE WITH ANSETT AIRCRAFT SPARES AND SERVICES ("AASS")

As a result of the aforementioned sale of the six Boeing Aircraft to Aeroturbine Inc. a dispute arose with AASS as its management believed that it would be detrimentally effected as they were of the view that the Boeing 767 aircraft would be broken up and sold as spare parts, directly competing with the parts that AASS sold. This dispute is despite the fact that the aircraft were specifically excluded from the spare parts re-marketing agreement. However, with the potential for the Aeroturbine sale to be delayed in the Californian legal arbitration system which would result in additional aircraft holding costs and legal costs we undertook to resolve the matter to the benefit of both parties. This resolution took place directly with AASS's management during an intensive 3 day session in Melbourne in October.

The resolution primarily involved a 1 year extension (to 30 June 2007) to the initial 3 year consignment and marketing agreement with AASS for the sale of Ansett's rotables and consumables and a mutual general release for any alleged breaches of the agreement. In consideration, AASS's performance standards under the agreement have been increased by US\$10 million of gross sales.

In Ansett's Fourth Report to Creditors, we estimated receipts from the sale of spare parts of \$24.8m over the following three years. Since then, we have received \$11.4m, leaving a balance of \$13.4m (after exchange rate re-valuations). We expect future sales estimates to be easily achieved.

Ansett still maintain a considerable infrastructure, including the warehouse facility at Garden Drive, Tullamarine, Ansett's IT system and personnel to support the continuing sales of remaining spare aircraft parts.

Dear Former Employee,

PAYMENT OF THIRD DIVIDEND

- We are pleased to announce the distribution of a third dividend of \$26.4m to the former Ansett employees and to the Commonwealth. Each employee will receive 7.5% of their balance currently outstanding. The payments will be credited employees bank accounts electronically today, but may take up to three days to receive.
- Statements will be issued to every employee who receives a dividend, detailing the amount paid. Because of the Christmas period, we ask that you allow three weeks to receive your statement. Any queries may be directed to us via the methods detailed at Appendix 1.
- Including the third dividend, employees have received \$562.8m of the \$760.0m owed to them.

FUTURE DISTRIBUTIONS

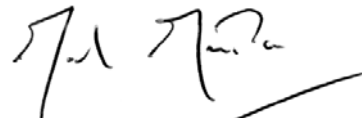
- We estimate employees will ultimately receive a further \$70m of their balance outstanding after the third dividend. Accordingly, we estimate that \$633m of the total owed to employees of \$760.0m will be paid.
- A table at Appendix 2 illustrates what the employees have been paid to date and what we estimate may ultimately be received. Please note, however that this is still a large and complex administration, with over \$115.0m assets yet to be realised, and many large contingencies that are yet to be resolved.
- It is very important to note the major risks in delivering the estimated returns, which are listed at Appendix 3.

TIMING OF FUTURE DISTRIBUTIONS

- Distributions will take place over the next 1-3 years.
- Approximately 60% of the cash in the bank relates to assets that have been realised from companies other than Ansett Australia Limited (AAL), which employed the majority of employees. Accordingly, no further large distributions can be made until the related company issues are resolved (commonly referred to as "pooling") which may take up to 12 months.
- We are also preparing a Fifth Report to Creditors, due to be released in February 2005. It will detail the activities of the Administration in the 2004 calendar year.
- We take this opportunity to wish all of the current and former Ansett employees a safe and happy Christmas and New Year.



Mark Korda
Joint Deed Administrator



Mark Mentha
Joint Deed Administrator

APPENDIX 1 TO EMPLOYEE UPDATE 32

METHODS TO CONTACT ADMINISTRATOR WITH EMPLOYEE QUERIES

- **Email:** employeehotline@ansett.com.au [preferred]
[please include your name and employee number as the subject]
- **Mail:** Employee Hotline
Ansett Australia
PO Box 362F
Melbourne 3001
- **Fax:** **(03) 8600 8433**
- **Phone: 1800 151 604** This employee hotline operates from 9am to 5pm Monday to Friday. The hotline can assist with all dividend and redundancy queries, change of details and general enquiries. This line is staffed by Ansett employees and is often very busy so it may be difficult to get through. Please leave a message at the prompts, and staff will return your call.

APPENDIX 2 TO EMPLOYEE UPDATE 32

Table illustrating employee distributions to date, and estimated future distributions:

	Time	Indicative Distributions to Employees for each \$10,000 Owed \$	Total Owed to Employees \$m
Total Outstanding		10,000	760.0
First Dividend			
100% of unpaid wages, annual leave, long service leave, time in lieu, pay in lieu of notice and redundancy up to 8 weeks	When employee became redundant	(5,250)	(399.0)
Total of Redundancy >8 Weeks Owing		4,750	361.0
Special Dividend			
Amounts Varied Between Employees	10-Dec-03	(882)	(67.0)
Balance of Redundancy >8 Weeks Owing		3,868	294.0
Second Dividend			
Calculated as % of Balance Owed 27.5%	10-Dec-03	(1,063)	(80.8)
Balance of Redundancy >8 Weeks Owing		2,805	213.2
Third Dividend			
Calculated as % of Balance Owed 7.5%	15-Dec-04	(210)	(16.0)
Balance Now Outstanding		2,595	197.2
Future Dividends Estimated			
	35.0% Next 2-3 Years	(920)	(69.9)
Estimated Shortfall		1,675	127.3
Total Amount Estimated to be Distributed		8,325	632.7
Total Outstanding		10,000	760.0

APPENDIX 3 TO EMPLOYEE UPDATE 32

The major risks in achieving the estimated returns are as follows:

- Resolution on pooling of Ansett companies – will require court involvement and / or meetings of creditors to determine which companies are to be pooled. The outcome of the process will determine the proportion of funds available to employees.
- Aircraft values – returns depend on the state of world aviation market. We have concerns about the saleability of the BA146's and they may need to be written down again.
- Costs to complete – costs are largely driven by the shut-down date for the Tullamarine facility, which in turn is dependent on meeting commitments to the purchasers of Ansett's assets as well as an assessment of the expected realisations from assets compared to the costs to maintain the assets.
- Resolution of contingent liabilities and resolution of unforeseen claims on title and warranties provided.
- Realisation of contingent assets.
- Realisation of consumables and rotables – included at an original estimate of \$100m less cash receipts to date leaving a balance of \$13.4m. Spares contracted to be sold on a commission basis with substantial upside expected on the \$13.4m.
- Exchange rate variations.
- Resolution of litigation and disputes such as pilots claim for \$20m.

Ansett Employee Update



Update 33
31 March 2005

Dear Former Employee

FIFTH REPORT TO CREDITORS RELEASED TODAY

Today, we released the Fifth Report to Creditors of the Ansett Group of Companies ("the companies") on the web site www.ansett.com.au

The Report is 30 pages long. The Report's Executive Summary is reproduced below.

A handwritten signature in black ink, appearing to read "M. Korda".

Mark Korda
Joint Deed Administrator

A handwritten signature in black ink, appearing to read "M. Mentha".

Mark Mentha
Joint Deed Administrator

Enclosure:

- 1 Executive Summary from Fifth Report to Creditors dated 31 March 2005

Executive Summary From Fifth Report to Creditors

Introduction

This is our Fifth Report to Creditors for the Ansett Group of Companies, which provides a general update to creditors on the status of the administrations as at 31 December 2004. We have also issued 64 Committees of Creditors' updates, 32 Employee updates and detailed quarterly reports to the Commonwealth Government and to representatives of employees.

What Has Been Achieved?

We realised \$113m of assets during 2004. Over 90% of assets, other than aircraft, have now been realised. Net assets realised in 2004, other than aircraft, were \$26m over budget (more than \$56m over budget since the Third Report).

13 aircraft were sold in 2004 and one parted.

As set out in our previous report, the Commonwealth Government deferred a dividend of \$67.0m to facilitate the settlement of the superannuation dispute. The Commonwealth Government's deferred dividend of \$67.0m was all paid by October 2004, ahead of schedule. We were pleased to make a distribution on 15 December 2004 of \$26.4m, being the third dividend, which equalled a return of:

- \$16.0m to employees, being 7.5% of each employee's outstanding balance after payment of the first and second dividends, and
- \$10.4m to the Commonwealth Government, being part repayment of monies forwarded to employees under SEESA.

The 7.5% dividend was paid ahead of our anticipated schedule of March 2005, because of better than anticipated realisations.

Employees have now received \$564.1m of the estimated total employee entitlements of \$760.0m.

The Commonwealth Government has now received \$253.0m of the \$386.4m of its estimated total advances.

Where Are We Going?

This remains a complex administration. Overall we expect to achieve total net realisations of at least \$590.0m.

Of \$151.1m in the bank at 31 December 2004, \$122.8m remains unavailable for distribution. \$22.5m is held for continuing and past employees or for the Commonwealth Government. A further \$100.3m relates to Ansett entities other than AAL (the entity which employed most of the employees). We need to apply to Court to determine if we can:

- Combine all of the assets and liabilities of all the Ansett entities under administration, and
- Make distributions from the combined "pool" of assets and liabilities.

This process is known as pooling, and may take up to December 2005 to resolve.

Future asset realisations other than aircraft are estimated at \$32.0m. Future realisations from aircraft are estimated at \$61.5m. Of the original fleet of 134 aircraft, 14 remain to be sold, being two A320 aircraft (both aircraft are now on lease), one BAe146-200, one BAe146-200QT, and 10 BAe146-300.

There are large contingencies, both assets and liabilities, which are to be resolved. Costs to complete the administrations are estimated at \$42.3m. \$21.8m of the total cost to complete the administrations is for external labour requirements.

Future Distributions

We estimate employees will receive a further \$68.9m, to be paid over the next few years, being a further 35% of each employees current outstanding balance. Accordingly, we anticipate total payments of \$633.0m of the \$760.0m of total employee entitlements owed.

We estimate the Commonwealth Government will ultimately receive \$303.4m of its total advance of \$386.4m.

No further large distributions can be made until pooling is resolved. If it is determined that pooling can occur, we can pay immediately a further dividend of approximately half of the 35% outstanding to employees, together with the relevant amount payable to the Commonwealth Government. Approximately \$40m may be distributed to unsecured creditors.

This Executive Summary is forward looking and based on a series of assumptions. It is very important to note the major risks in delivering the estimated returns. These risks are documented in Section 5.4.

Ansett Employee Update



Update 34
25 May 2005

Dear Former Employee

Following is an update on further progress related to the Ansett administrations.

Aircraft Movements

Lease and sale of two BAe146-300 aircraft

On 4 May 2005 Ansett signed an agreement for the lease and sale of two aircraft (msn E3135, ZK-NZG and msn E3147, ZK-NZJ) to European Skybus Limited, a UK based company operated by Mr Paul Stoddart. Payment for the lease/purchase will be made over two years.

AAES has also been working with Ozjet, a new start up airline proposed by Mr Stoddart to assist with various commercial arrangements, including leasing premises, the provision of technical support and maintenance services.

Delivery of Aircraft Sold to Aeroturbine

As reported in Update 29 Ansett sold six Boeing 767-200 aircraft to Aeroturbine, Inc on 13 September 2004. There are two remaining aircraft to be delivered to Aeroturbine, Inc, aircraft registered VH-RML and VH-RMF.

VH-RML will be delivered and paid for by Aeroturbine, Inc during the week beginning 31 May 2005.

As part of the agreement with Aeroturbine, Inc aircraft VH-RMF is to undergo a heavy check at the Ansett Maintenance facility. This heavy check commenced in early May and is expected to be completed by the end of August 2005.

Summary of Remaining Aircraft

As a result of the above movements Ansett's remaining fleet is as follows:

Description	Status	Comment
Airbus A320	Operating	On lease in Tunisia
Airbus A320	Operating	On lease in France
BAe146-200 x 1	Unchecked	Available for Sale
BAe146-200QT x 1	Check nearing completion	Available for Sale
BAe146-300 x 2	Being prepared for delivery	Leased to European Aviation
BAe146-300 x 2	Checks nearing completion	Available for Sale
BAe146-300 x 6	Unchecked	Available for Sale
Boeing 767-200	In Check	Sold to Aeroturbine
Boeing 767-200	Being prepared for ferry	Sold to Aeroturbine

Seeking Expressions of Interest for the Purchase of the Business and Assets of Ansett Aviation Engineering Services (“AAES”)

Over recent months we have prepared an Information Memorandum (IM) that provides an overview of the business and assets of AAES being offered for sale. These include:

- Narrow and wide-body aircraft hangars;
- Aircraft parking apron;
- Extensive support shops; and
- Administrative offices

Advertisements seeking expressions of interest were included in the *Australian* and the *Australian Financial Review* newspapers and internationally in *Flight International Magazine*. As a result of both these advertisements and from us approaching possible purchasers, there have been numerous expressions of interest that the administration team is working through. Interested parties will commence their due diligence within a fortnight.

Court Decision Re: Pilots Accessibility to CR Policy 1991 Redundancy Policy

Further to the decision by the Honourable Justice Lander in the Federal Court of Australia re: Clark v Korda [2005] FCA 56 on 8 February 2005, the redundancy calculations for the Ansett Pilots have been recalculated so that the CR 1991 redundancy policy has been applied.

As per the 'no-disadvantage' clause in the Enterprise Bargaining Agreement IV (EBA IV), the Ansett Pilots are entitled to the greater of the redundancy entitlement as calculated under either the Business Recovery Redundancy Program ("BRP") or the CR 1991 policy.

The re-calculations have been performed and notifications have been sent out to all pilots detailing revised entitlements, regardless of whether the changes have resulted in an increased entitlement. Where an increased entitlement has resulted from the re-calculation, a Proof of Debt form has also been issued for consideration and return.

The decision resulted in an increase of total employee entitlements of approximately \$18 million. This amount has previously been held as a provision in the Statement of Financial Position of the Administration (and within the total figure of \$760 million) and as such, previous estimates of overall distributions remain unchanged at this point.

“Catch-up” payments are being made upon receipts of the agreed Proof of Debt forms from the individual pilots. Approximately 85% of the anticipated “catch up” payments have been made.

Ansett Superannuation Funds

Various Ansett Superannuation Funds, specifically the:

- Ansett Australia Ground Staff Superannuation Plan;
- Ansett Australia Flight Attendants Superannuation Plan (FAB Scheme);
- Ansett Australia Pilots Accumulation Plan; and
- Ansett Australia Flight Engineers Superannuation Plan

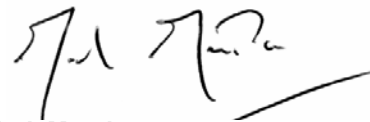
have been closed down, member entitlements paid out, the relevant companies etc. deregistered and respective websites closed down.

There is one fund remaining being the Ansett Australia Pilots/Management Superannuation Plan. Final member benefits for all groups within the plan have been paid out with total closure of that plan expected within a month.

For all funds, where there has been any unclaimed superannuation upon closure, the monies have been transferred to Australia's Unclaimed Super Fund (AUSfund) which offers services for finding the monies for members.



Mark Korda
Joint Deed Administrator



Mark Mentha
Joint Deed Administrator

Dear Former Employee,

Further to our Fifth Report to creditors, this Update provides information in relation to the timing and amount of future dividends to employees.

WHEN WILL EMPLOYEES RECEIVE THE NEXT DIVIDEND?

Employees will receive the next dividend as soon as pooling is resolved which may take up to December 2005.

The resolution of pooling will require both Federal Court directions and orders, and the convening of meetings of creditors.

WHAT WILL BE THE AMOUNT OF THE NEXT DIVIDEND?

Following the resolution of the pooling issue, and on the assumption that pooling occurs, the next dividend to employees may be 20-25% of current outstanding amounts.

HOW DOES THE AMOUNT OF THE NEXT DIVIDEND RELATE TO WHAT'S IN THE BANK?

There is approximately \$162 million in the bank.

The next dividend may total up to \$80 million (\$48 million to employees and \$32 million to the Commonwealth for repayment of monies forwarded under SEESA), payments to other creditors may total \$40 million, and the balance would be held for working capital (to cover wages and other costs to complete the administrations.)

WHAT HAPPENS NEXT?

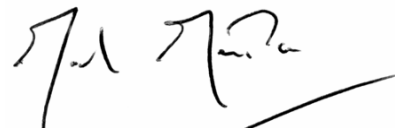
On 21 June 2005, we applied to the Federal Court for directions and orders in regard to pooling. On 23 June 2005, Justice Goldberg conducted a preliminary directions hearing and outlined his requirements for a further directions hearing on 19 July 2005.

As soon as the Federal Court has provided directions and orders in relation to our application, we will notify creditors of our intention to convene meetings. We will provide a report to creditors containing information in regard to pooling and recommendations for creditors to consider before the meetings.

In the mean time we will continue to inform the Ansett Committees of Creditors on progress of the matter, and issue further updates to employees as required.



Mark Korda
Joint Deed Administrator



Mark Mentha
Joint Deed Administrator

Dear Former Employee,

This Update provides information in relation to the realisation of assets for the first half of 2005, and the progress towards the resolution of pooling.

ASSET REALISATIONS BETTER THAN EXPECTED FOR FIRST HALF OF 2005

During 2005, we have issued monthly updates to the Committees of Creditors and discussed the status of the Ansett administrations at monthly meetings. We recently provided to the members of the Committees of Creditors a financial summary of the year to date. The major points included:

- At 30 June 2005, there was \$161.3m in the bank.
- During the second quarter of 2005:
 - We realised \$19.5m of aircraft and assets (\$10.3m for first quarter). Realisations were over budget by \$9.0m.
 - Costs of the administrations were \$3.7m (\$7.3m for first quarter), which were half of budgeted costs, due mainly to foreign exchange gains and interest received that had not been budgeted for.
- Looking forward:
 - We still expect total net asset realisations of at least \$590.0m. Future asset realisations are estimated at \$69.0m (\$22.2m for assets other than aircraft and \$46.8m for aircraft).
 - Total future costs are estimated at \$29.0m (\$13.4m to 31 December 2005).
 - Further distributions will be made upon resolution of pooling.

PROGRESS MADE TOWARDS RESOLUTION OF POOLING AS CREDITORS OF AAE AGREE A COMPROMISE

After months of negotiations, the three major creditors of Ansett Aviation Equipment Pty Ltd (subject to deed of company arrangement) (AAE), being National Australia Bank (NAB), the Commonwealth Bank of Australia (CBA) and BNP Paribas (BNP), recently agreed to a compromise of their likely claims for dividends from AAE. The compromise also resolves a series of broader claims between the Ansett Group and NAB.

In summary, in consideration of payments proposed to be made from the pooled assets of the Ansett Group, the AAE bank creditors will vote to pool the assets and liabilities of AAE with Ansett Australia Limited (AAL) and not seek any further dividends or other payments from or pursue any other claims against the pooled assets of the Ansett Group.

The compromise is subject to approval by the Federal Court of Australia and the pooling of the assets and liabilities of all of the companies in the Ansett Group.

For the Ansett Group, the financial outcome of the compromise is satisfactory. In addition:

- Ansett keeps all of the \$150m received by the Ansett Group from Air New Zealand under the MOU (using a share of liabilities method of apportionment, AAE may otherwise have received a \$5m share).
- Any upside/downside in AAE's contingency provision stays with Ansett.
- The compromise prevents lengthy, complex and costly litigation.
- It is a very major step so that pooling can be progressed.
- As the proposed payments to the bank creditors are within our budget, our overall budgeted distributions to Ansett Group priority creditors and unsecured creditors (i.e. at least \$590.0m) is unchanged.

NEXT STEPS

The compromise will enable the pooling application in the Federal Court to proceed without delay. In that application we will seek orders allowing us, as deed administrators of the various Ansett Group Companies, to vote in favour of the pooling of the Ansett Group's assets and liabilities at meetings of creditors of each Ansett Group Company.

Today, the Federal Court heard the matter and advised that it proposed to further hear the application on 10 October 2005. Ansett stakeholders and creditors affected by the proposed pooling will have an opportunity to participate in the pooling application.

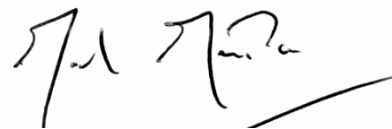
We anticipate filing a detailed substantive affidavit within the next week in relation to the pooling of the assets and liabilities of the Ansett Group Companies. The affidavit will also include relevant matters in relation to the compromise. Once filed, the affidavit will be available on the Administrators' web sites.

We anticipate that following the Court's decision on the pooling application we will urgently convene meetings of the creditors of each Ansett Group company so that those creditors may vote on pooling.

Should pooling occur as a result of those meetings of creditors, we anticipate paying a further dividend to priority creditors by Christmas 2005.



Mark Korda
Joint Deed Administrator



Mark Mentha
Joint Deed Administrator



Update 37
24 November 2005

Dear Former Employee,

This Update provides information in relation to the proposed pooling of the Ansett Group.

As you may be aware, on 24 October 2005 the Federal Court (Justice Goldberg) heard our application for orders in relation to, and to facilitate the proposed pooling of the Ansett Group. Detailed affidavits and submissions filed with the Court by the various parties to the application and transcripts of the Court proceedings are available on the website at www.ansett.com.au under the "Creditor Information" section, and then by clicking on "Pooling Application".

Justice Goldberg reserved his judgment on the application (meaning he will consider the matters raised in the application and later give judgment). That judgment is pending. As you will appreciate, the proposed pooling of the Ansett Group raises complex issues with considerable possible ramifications for creditors.

As advised in update 36, we anticipate that following the Court's judgment on the pooling application we will urgently convene meetings of the creditors of each Ansett Group company so that those creditors may vote on pooling. The timing and outcome of those meetings will determine when a further dividend can be paid to employees.

As soon as the Court's judgment is delivered and Court orders made those documents will be made available on the above website and further information will be provided to you.

A handwritten signature in black ink, appearing to read "M. Korda".

Mark Korda
Joint Deed Administrator

A handwritten signature in black ink, appearing to read "Mark Mentha".

Mark Mentha
Joint Deed Administrator

Ansett Employee Update



Update 38
12 December 2005

Dear Former Employee,

PAYMENT OF FOURTH DIVIDEND

We are pleased to announce the distribution of a fourth dividend of \$41.1m to former Ansett employees and to the Commonwealth. Employees will receive \$25m being 12.5% of their balance currently outstanding.

The payments will be credited to employees' bank accounts electronically from midnight tonight, but may take up to three days to receive.

Statements will be issued to every employee who receives a dividend, detailing the amount paid. Because of the Christmas period, we ask that you allow two weeks to receive your statement. Any queries may be directed to us via the methods detailed at Appendix 1.

Including the fourth dividend, employees have received \$586.3m of the \$760.0m owed to them.

TIMING AND AMOUNT OF NEXT DIVIDEND

The Federal Court has reserved judgment on the Pooling application. When we receive the Court ruling we will call meetings of the creditors of each Ansett Group company. The timing and outcome of those meetings will determine when the fifth dividend can be paid. Based on certain assumptions, the fifth dividend could be approximately \$100 million. This could include \$44 million to employees (being 25% of the amount you will have owing after the payment of today's fourth dividend), \$29 million to the Federal Government and \$27 million to airline creditors.

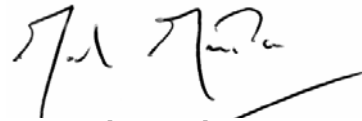
We are also preparing a Sixth Report to Creditors, due to be released in March 2006. It will detail the activities of the Administration in the 2005 calendar year.

Further, it will contain financial updates on the final employee distributions (in totality) and the estimated timing of those distributions, as a result of the on-going resolution of the many large contingencies and the outcome of the pooling application.

We take this opportunity to wish all current and former Ansett employees a safe and happy Christmas and New Year.



Mark Korda
Joint Deed Administrator



Mark Mentha
Joint Deed Administrator

APPENDIX 1 TO EMPLOYEE UPDATE 38

METHODS TO CONTACT ADMINISTRATOR WITH EMPLOYEE QUERIES

- **Email:** employeehotline@ansett.com.au **[preferred]**
[please include your name and employee number in the subject line]
- **Mail:** Employee Hotline
Ansett Australia
PO Box 362
Melbourne 3001
- **Fax:** **(03) 8600 8433**
- **Phone: 1800 151 604** This employee hotline operates from 8am to 4pm Monday to Friday. The hotline can assist with all dividend and redundancy queries, change of details and general enquiries. This line is staffed by Ansett employees and is often very busy so it may be difficult to get through. Please leave a message at the prompts, and staff will return your call.

Dear Former Employee,

Update Re Pooling

On 24 October 2005 the Federal Court heard the "Pooling" application. We are still waiting on the decision.

There can be no further dividend until Pooling is resolved.

An employee update will be circulated immediately upon any further development.

Update Re Asset Sales in 2005

We realised \$60.5m of assets during 2005. Over 95% of assets, other than aircraft, have now been realised.

The assets realised during 2005 are as follows:

Assets Realised During 2005	\$m
Debtors (including BSP Recovery)	4.7
Spares, Rotables and Consumables	15.0
Engines	11.3
Aircraft	29.2
Businesses	0.3
Total	60.5

Update Re Aircraft

We are very pleased to note the sale of one of the two remaining A320's was completed in January 2006. The sole remaining A320 continues to operate on lease in France whilst we pursue sale options.

There are three checked BAe146's at Flybe in Exeter in the UK. There has been a reasonable level of interest in the aircraft since the transfer of the aircraft to the UK and inspections of the aircraft are continuing.

The remaining seven BAe146's are currently being parted at AAES. The parts undergo a certification process upon removal and the parts are then remarketed as part of our on-going spares agreement with AASS in the US.

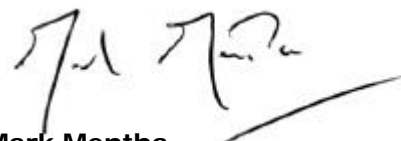
Update Re Ansett Engineering

Currently, Ansett Engineering's main roles are to facilitate the sale of aircraft spare parts, to part the BAe146 aircraft and to actively sell the BAe 146 ALF engines.

The current approach with Ansett Engineering is to minimise the cost of these activities by generating revenue from external customers for engineering and aircraft services, and hangar and equipment usage. The customers include Jetstar, OzJet, the Australian Military and Emirates.



Mark Korda
Joint Deed Administrator



Mark Mentha
Joint Deed Administrator

Dear Former Employee,

Update Re the Administrators' Pooling Application to the Federal Court

The Federal Court (Justice Goldberg) today handed down written reasons for judgment in the Administrators' pooling application. The Court has not made any specific orders at this stage. The reasons for judgment will be available on the web site later today.

What does this mean?

The Court requires further evidence about the position of those creditors who might be disadvantaged by pooling, specifically, the effect on the potential return to those creditors of the additional administration costs if the Ansett Group is not pooled before it can determine whether to give the voting direction sought.

In relation to the AAE Deed of Compromise, the Court is disposed to approve the deed, on the basis that it provides benefits and advantages for AAE and its creditors generally which would not otherwise be obtainable.

The Court noted in its judgment that *"the pooling proposal by the Administrators is sensible and advantageous to most of the creditors from a practical point of view."*

What happens now?

The Administrators will obtain the further evidence sought by the Court (if available) and prepare supplementary affidavits. There will be another directions hearing in the matter next Friday, 31 March 2006. Following that, we will post a further update.

When will the next dividend be paid?

No further dividend will be paid until the pooling issues are resolved.

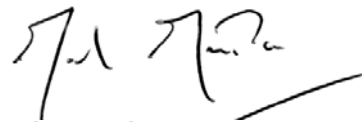
Further Information

Each of the documents lodged in the pooling application is available on www.ansett.com.au under “Creditor Information” and by clicking on “Pooling Application”. A full transcript of each of the Federal Court hearings is also available on the web site.

The transcript from today’s hearing will be posted to the web site as soon as it is available.

A handwritten signature in black ink, appearing to read "M. Korda".

Mark Korda
Joint Deed Administrator

A handwritten signature in black ink, appearing to read "M. Mentha".

Mark Mentha
Joint Deed Administrator

Dear Former Employee,

Update Re the Administrators' Pooling Application to the Federal Court

There was a directions hearing this morning in the Administrators' pooling application in the Federal Court.

The main outcome from the directions hearing was that the Court approved the AAE Pooling Compromise Deed, as amended by the parties over the last week to take account of matters arising from the Court's reasons for judgment delivered 22 March 2006.

In addition, the Administrators advised the Court that they will file and serve further affidavits in relation to why, in their opinion, the overall pooling of the Ansett Group is in the interests of Ansett Group creditors as a whole, and also in the individual interests of the creditors of each of the Ansett Group companies. The administrators will file their further affidavits by 12 May 2006.

There will be a further directions hearing on 26 May 2006 at which stage directions are likely to be made for the further hearing of the application in relation to the affidavits to be filed by 12 May 2006.

What happens now?

Now that the AAE Pooling Compromise Deed has been approved by the Court the Administrators will call a meeting of AAE creditors and call for proofs of debt from those creditors.

At the meeting of AAE creditors the Administrators will propose resolutions to effect the pooling of AAE into AAL. Note that the Administrators will not vote in their capacity as an inter-company creditor of AAE, nor will they exercise a casting vote at the meeting.

What does this mean?

Within 14 days of a majority in number and value of AAE creditors voting to pool AAE into AAL, approximately \$38 million presently held by AAE will become available for distribution to Ansett Group creditors as a whole. Of that amount, \$27 million will be paid to various AAE creditors under the AAE Pooling Compromise Deed. The balance (\$11 million) will stay in AAL, ultimately for distribution to Ansett Group creditors.

Further Information

Each of the documents lodged in the pooling application is available on www.ansett.com.au under “Creditor Information” and by clicking on “Pooling Application”. A full transcript of each of the Federal Court hearings is also available on the web site.

The transcript from today’s hearing will be posted to the web site as soon as it is available.

Sixth Report to Creditors

The Sixth Report to Creditors will be available on the website on Monday. The report provides a general update to creditors on the status of the administrations as at 31 December 2005.

A handwritten signature in black ink, appearing to read "M. Korda".

Mark Korda
Joint Deed Administrator

A handwritten signature in black ink, appearing to read "M. Mentha".

Mark Mentha
Joint Deed Administrator

Dear Former Employee,

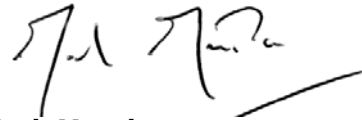
Sixth Report to Creditors released Today

Today, we released the Sixth Report to Creditors of the Ansett Group of Companies (“the companies”) on the web site www.ansett.com.au

The Report is 32 pages long. The Report’s Executive Summary is reproduced below.



Mark Korda
Joint Deed Administrator



Mark Mentha
Joint Deed Administrator

Executive Summary

Introduction

This is the Sixth Report to Creditors of the Ansett Group of Companies, which provides a general update to creditors on the status of the administrations as at 31 December 2005. The Administrators have also issued 76 Committees of Creditors' updates, 40 employee updates and detailed reports to the Commonwealth Government and to representatives of employees.

What has been Achieved?

The Administrators realised \$60.5m of assets during 2005. Over 95% of assets, other than aircraft, have now been realised.

Significantly, the Administrators are now able to increase the net asset realisation estimate by a further \$50.0m from \$590.0m to \$640.0m as a result of:

- higher than budget assets actually realised to date;
- higher than budget future estimated asset realisations;
- lower than budget costs to date; and
- elimination or mitigation of contingent claims.

The Administrators paid a dividend on 12 December 2005 of \$41.1m, being the fourth dividend, as follows:

- \$25.0m to employees, being 12.5% of each employee's outstanding balance after payment of the first, second and third dividends; and
- \$16.1m to the Commonwealth Government.

Employees have now received \$586.3m of the estimated total employee entitlements of \$760.0m.

The Commonwealth Government has now received \$270.8m of the \$384.0m of its total advances.

Where are we Going?

This remains a complex group of administrations. Overall, the Administrators expect to achieve total net realisations of at least \$640.0m, which is an increase of \$50.0m on the previous estimate of \$590.0m as at 31 December 2004.

Of \$142.4m in the bank at 31 December 2005, \$118.1m relates to Ansett entities other than AAL (the entity which employed most of the employees). The Administrators have applied to the Court to determine if they can:

- combine all of the assets and liabilities of all the Ansett entities under administration; and
- pay dividends from the combined “pool” of assets and liabilities.

This process is known as pooling and the Administrators have made an application to the Federal Court in relation to this issue. The Administrators are in the process of preparing supplementary affidavits as requested by the Federal Court so the Federal Court may consider the matter further.

Future asset realisations other than aircraft are estimated at \$33.6m. Future realisations from aircraft are estimated at \$37.1m. Of the original fleet of 134 aircraft, four remain to be sold, being one A320 aircraft (the aircraft is now on lease), one BAe146-200QT and two BAe146-300's.

Costs to complete the administrations are estimated at \$24.0m. \$8.1m of the total cost to complete the administrations is for external labour requirements.

The Administrators expect a number of legal actions in regard to potential recoveries to be resolved during 2006.

There are large contingencies, both assets and liabilities, which are being resolved on a continuing basis.

Future Dividends

The Administrators estimate employees will receive a further \$84.2m, to be paid over the next few years. This means each employee will receive 48% of their current outstanding balance. Accordingly, the Administrators anticipate total payments of \$670.5m of the \$760.0m of total employee entitlements owed.

The Administrators estimate the Commonwealth Government will ultimately receive \$326.6m of its total advance of \$384.0m.

No further large dividends can be made until pooling is resolved. If it is determined that pooling can occur, the Administrators can pay a further dividend of approximately 25% of the employees' current outstanding balance, together with the relevant amount payable to the Commonwealth Government. The balance of dividends will be paid over the next few years as assets are realised.

It is very important to note the major risks in delivering the estimated returns. These risks are documented in Section 5.3.

Dear Former Employee,

Payment of Fifth Dividend

The Administrators are pleased to announce the distribution of a fifth dividend of \$28.6m to former Ansett employees and to the Commonwealth. Employees will receive \$17.3m being 10% of each employee's outstanding entitlements.

The payments will be credited to employees' bank accounts electronically from midnight tonight, but may take up to three days to receive. Statements will be issued to every employee who receives a dividend, detailing the amount paid.

Including the fifth dividend, employees will have received \$603.6m of the \$760.0m owed to them.

Source of Funds for Payment of the Dividend

The AAL funds for the payment of the fifth dividend have been derived from:

1. Pooling of the assets of AAE – see below for details (net)	\$11.0m.
2. AAL asset realisations since December 2005:	
• Balance of the sale price of A320 Aircraft	\$8.9m
• Sale of BAe 146 parts and other aircraft lease income	\$1.8m
• Settlement of the Simulator Centre business sale	\$4.2m
• Sale of Spares	\$4.3m
• Other (net) including cost to complete etc.	<u>(\$1.0m)</u>
AAL Asset Realisations	\$18.2m
Total Funds Available for Dividend	<u>\$29.2m</u>

Update Re AAE Pooling

The Administrators held a meeting of the creditors of AAE on Friday 21 April 2006. At the meeting, the creditors of AAE approved resolutions to pool AAE by varying the Deed of Company Arrangement.

The assets of AAE of approximately \$38 million have now been pooled into AAL. Of that amount, \$27 million will be paid to various AAE creditors under the AAE Pooling Compromise Deed today. The balance of \$11 million is being paid out in the fifth dividend as detailed above.

Update Re the Administrators' Pooling Application to the Federal Court

Supplementary affidavits are currently being prepared in relation to the voting part (Part II) of the pooling application. These affidavits are due to be filed with the Court by 12 May 2006. The affidavits are in relation to why, in the opinion of the Administrators, the overall pooling of the Ansett Group is in the interests of Ansett Group creditors as a whole, and also in the individual interests of the creditors of each of the Ansett Group companies.

There will be a directions hearing on 26 May 2006. Directions are likely to be made for the further hearing of the application.

We will advise of any further developments as they occur.

A handwritten signature in black ink that reads "M. Korda".

Mark Korda
Joint Deed Administrator

A handwritten signature in black ink that reads "M. Mentha".

Mark Mentha
Joint Deed Administrator

Dear Former Employee,

Further to the payment of the fifth dividend, we are writing to clarify a number of issues.

The dividend was only 10%, and not as much as we expected

A dividend of \$28.6 million was paid in April (employees received \$17.3 million or 10% of their remaining entitlements). AAE creditors also received \$27 million. So a total of \$55.6 million was paid.

We had previously said “based on certain assumptions when the Federal Court approves the Pooling Application the fifth dividend could be approximately \$100 million. Employees would receive \$44 million or 25% of their remaining entitlements.”

The Federal Court only approved **Part One** of the Pooling Application being the pooling of AAE. \$38 million was received from AAE. **Part Two** of the Pooling Application has not been approved by the Federal Court. **Therefore there is still \$62 million of the \$100 million in the bank awaiting the Court decision.**

Source of funds for the fifth payment of the dividend

The AAL funds available for the payment of the fifth dividend were from:

Part One of the Pooling approved	\$38.0m
Less: Monies paid to the AAE creditors	(\$27.0m)
AAL asset realisation since December 2005:	
Balance of the sale price of A320 Aircraft	\$8.9m
Sale of BAe 146 parts and other aircraft lease income	\$1.8m
Settlement of the Simulator Centre business sale	\$4.2m
Sale of Spares	\$4.3m
Other (net) including costs to complete etc	(\$1.0m)
Total funds available for payment of the last dividend	<u>\$29.2m</u>

Pooling application - what is now happening?

Part Two of the pooling application is the subject of supplementary affidavits which are currently being prepared. These affidavits are due to be filed with the Court by 12 May 2006. There will be a directions hearing on 26 May 2006. Directions are likely to be made for the further hearing of the application.

Payment of further dividends

The next dividend to be paid is dependent upon the Federal Court decision on **Part Two** of the pooling application.



Mark Korda
Joint Deed Administrator



Mark Mentha
Joint Deed Administrator

Dear Former Employee,

Update Re the Administrators' Pooling Application to the Federal Court

On Friday, 26 May 2006 there was a hearing as part of the Administrators' pooling application in the Federal Court. The full transcript of the hearing will shortly be available on the websites.

At the hearing the Administrators sought orders, which were granted by the Federal Court, only in relation to those Ansett Group companies which, based on the Administrators' investigations, hold no assets. There are 32 such companies ("Non Asset Holding Companies").

The orders obtained in relation to the 32 Non Asset Holding Companies allow the Administrators to convene meetings of the creditors of those companies in a cost effective way, and to vote in favour of resolutions (to be put to those creditors at those meetings) amending the Deeds of Company Arrangement which apply to those companies, to allow those companies to be "pooled" into the main Ansett trading company, Ansett Australia Limited ("AAL").

The important point to note is that the Federal Court granted the orders sought by the Administrators because it was satisfied, based on the evidence presented by the Administrators in the pooling application, that no creditor of any of those companies would be disadvantaged by the pooling of those companies into AAL.

Representatives for the ACTU and 11 affiliated unions whose employees were part of the Ansett Group were in Court for the May 2006 hearing. The ACTU / Union representatives advised the Federal Court that the ACTU and Unions supported the orders sought by the Administrators in relation to the 32 Non Asset Holding Companies, and reiterated the ACTU's position in relation to the pooling application, namely to seek to achieve the best possible result for the most number of Ansett Group employees.

The other matter of substance dealt with at the hearing was the Administrators' proposal for dealing with the eight remaining Ansett Group companies or entities ("Asset Holding Entities") which do hold assets which may ultimately be available for distribution to creditors (and not only employee creditors, but also trade and other creditors).

The main issues the Administrators face in relation to the Asset Holding Entities are as follows:

- The pooling of the assets of the Asset Holding Entities into AAL will improve the position for employees. That is because there are likely to be more assets available for distribution to priority creditors (chiefly, employees) and significant potential administration costs (in the many millions of dollars) are likely to be saved if pooling occurs.
- However, even if pooling does not occur, that does not mean that the creditors (whether employee or other creditors) of the Asset Holding Entities will do better than they would do if the Asset Holding Entities are pooled. That is because the additional costs of administering the Asset Holding Entities separately (in the many millions of dollars, as noted above), and the effect of liabilities and charge-backs which already exist between the Asset Holding Entities and other Ansett Group companies, may ultimately erode to zero the assets presently held by some of the Asset Holding Entities. In other words, the assets now held by the Asset Holding Entities, which would go into the AAL "pool" if pooling occurs, may in fact be used up in the (future) separate administration of those Asset Holding Entities, in the event that the assets of those entities are not pooled into AAL.
- Because of this, the Administrators advised the Federal Court at the hearing that, rather than seeking further court directions in relation to the Asset Holding Entities at this stage, the Administrators will instead prepare reports to the creditors of the Asset Holding Entities, setting out their opinions as to why it may well be in the interests of the creditors of those entities to vote for pooling.
- While the Federal Court made no formal ruling or comment about the Administrators' proposal, Justice Goldberg noted that the Administrators' proposal gives creditors (including employee creditors) "*an opportunity to determine their own destiny*".

What does this mean for employees?

Employees (as creditors of the various Ansett companies) will soon be notified about the date for the various pooling meetings of the Ansett Group companies and entities. Those meetings are likely to be held in July this year. The form of notification of the meetings will depend upon a number of factors, including whether or not the relevant company or entity has any assets and the level of possible disadvantage to particular creditors as a result of pooling. Notification may be by newspaper advertisement and notice on the websites, or by "one page" notification specifically addressed to employees (with instructions about how to access more detailed information on the websites), or by

mail-outs to relevant employees including reports to creditors in relation to the relevant Ansett Group companies and entities.

The purpose of the notices will be to invite employees to attend meetings of the Ansett Group companies and entities of which they are creditors to vote on pooling-related resolutions.

Payment of further dividends

The timing of payment of further dividends depends upon which Ansett Group companies and entities are pooled into AAL, and when. The Administrators' proposal outlined to the Federal Court in May 2006 is designed to achieve pooling, and the payment of dividends, as soon as possible. The Administrators are not presently able to say exactly when that will occur, or the likely amount of any dividends which might be paid. Further details of those matters will be set out in the reports referred to above.

A handwritten signature in black ink that reads "Mark Korda".

Mark Korda
Joint Deed Administrator

A handwritten signature in black ink that reads "Mark Mentha".

Mark Mentha
Joint Deed Administrator

Dear Former Employee

Update Re Pooling

Meetings of creditors of 40 of the Ansett Group companies and trusts have been convened and will be held at 10 am on Thursday 31 August 2006 at the Mercure Hotel Melbourne, 13 Spring Street, Melbourne.

At the meetings creditors will be asked to vote on resolutions to “**pool**” the Ansett Group company or trust of which they are a creditor.

Pooling is a shorthand way of describing the legal process which enables the assets and liabilities of some or all of the companies in an insolvent group of related companies to be merged into one of those companies, thereby simplifying the administration of the insolvent group of related companies.

If the Ansett Group as a whole is pooled, we estimate that the amount of cash which will become immediately available to pay former Ansett employees and the Commonwealth is \$75 million (approximately 30% of your outstanding entitlements could be paid immediately). If the Ansett Group as a whole is not pooled, we estimate that the amount of cash which will become immediately available to pay former Ansett employees and the Commonwealth is \$ nil. The \$75 million cash will be retained in the bank but court proceedings will be required to determine to whom we distribute the money.

Special purpose reports to creditors will be posted on the Ansett website (www.ansett.com.au) with copies of the Ansett Group Deeds of Company Arrangement and Trust Deeds showing the "pooling" variations to be voted on at the 31 August 2006 meetings.

Special purpose reports will only be posted to creditors who may be disadvantaged if the company of which they are a creditor is pooled, including former Aeropelican and Show Group employees. The majority of employees will not receive reports by post because the majority of employees were employed by AAL and pooling of AAL and the Ansett Group as a whole is beneficial to AAL employees. Similarly, former Kendell employees will not receive reports as pooling of Kendell is beneficial to the Kendell employees.

If as an AAL employee you previously lodged a union proxy, the proxy is still valid for the current meetings except for those proxies provided to former Transport Workers Union representatives. The

union representatives have indicated to us that they intend to vote the proxies that they hold in favour of pooling at the creditors' meetings.

Contents of the Reports

The reports are available on the Ansett website at www.ansett.com.au and set out:

- our estimates of the likely effect of pooling on the creditors of each company;
- our estimates of the likely effect of pooling on the Ansett Group creditors as a whole;
- a summary of the financial affairs of each company;
- the basis for our estimates, opinions and recommendations;
- our recommendations; and
- relevant documents (meeting notice, proxy form, proof of debt form, example DOCA).

Recommendations

We have recommended to all Ansett Group creditors that they vote in favour of pooling, except where our duties and obligations as Administrators prevent it. The exceptions relate to Aeropelican (The Pelican Trust) and Show Group.

For all employees, including AAL employees, we recommend you read the relevant report carefully and obtain advice about it as you see fit.

The issues are very complex and therefore we have attached a flow chart summarising the effect (if any) on creditors including employees for each of the 40 companies and trusts.



Mark Korda
Joint Deed Administrator

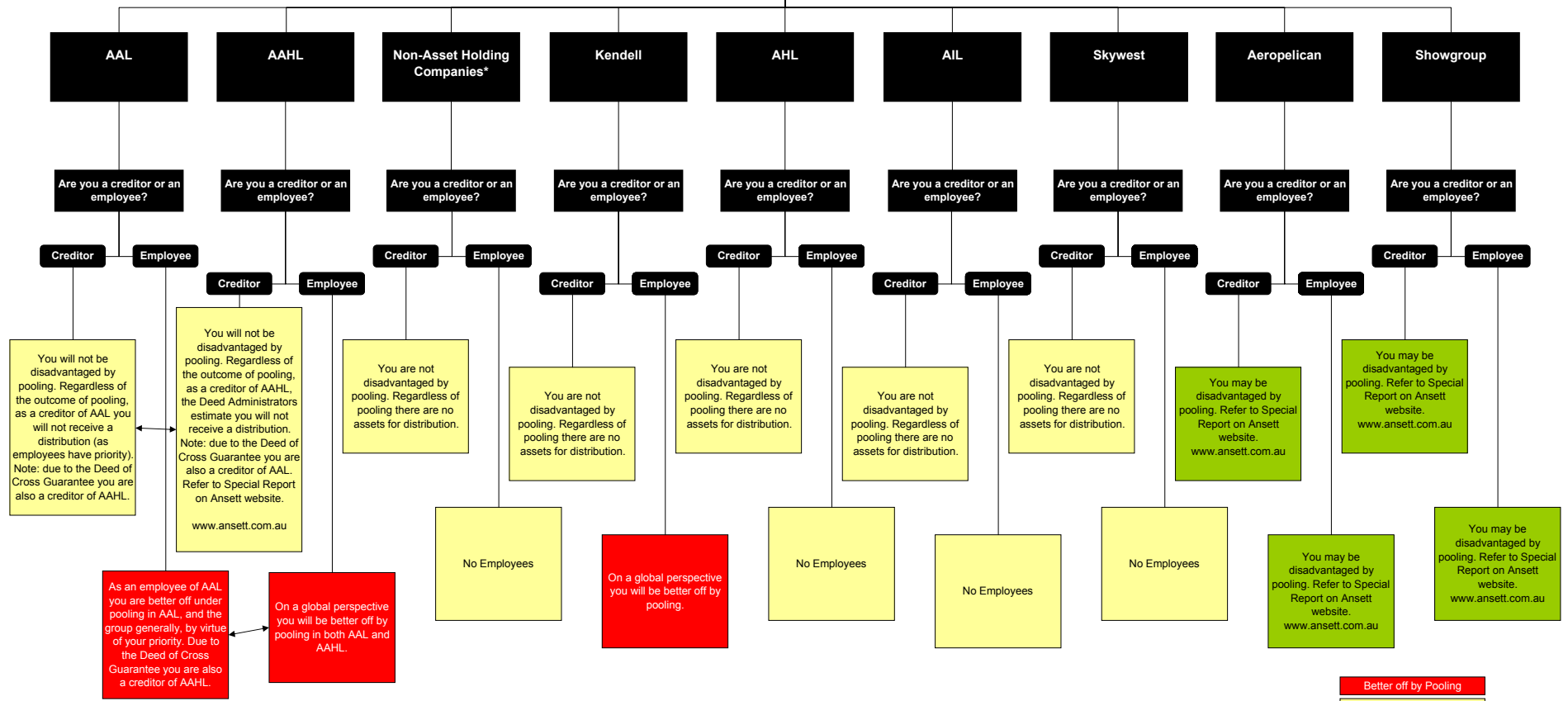


Mark Mentha
Joint Deed Administrator

Pooling Query Flowchart

Meetings
 Time: 10:00am
 Date: 31 August 2006
 Location: Mercure Hotel Melbourne
 Flinders Room
 13 Spring Street
 MELBOURNE VIC 3000

What company are you a creditor/employee of?



The above opinions are expressed in full together with relevant assumptions in the Special Reports to Creditors. The Deed Administrators recommend that you read the relevant reports carefully and obtain advice about the reports as you see fit. The reports are available at www.ansett.com.au (follow the links under "Creditor Information" and then "Pooling Application")

Better off by Pooling
No Effect
Disadvantaged by Pooling

* Refer to the relevant Special Report available at www.ansett.com.au for a listing of companies included

Dear Former Employee

Payment of Sixth Dividend

We are pleased to announce the distribution of a sixth dividend of \$76.9 million to former Ansett employees and to the Commonwealth. Employees will receive \$46.9 million being 30% of their balance currently outstanding.

The payments will be credited to employees' bank accounts electronically next Thursday 7 September 2006, but may take up to three days to receive.

Statements will also be issued to every employee who receives a dividend detailing the amount paid. Any queries may be directed to us via the methods detailed at Appendix 1.

Including the sixth dividend, employees will have received \$650.5 million of the \$760 million owed to them.

Pooling Meetings

The meetings of creditors took place today. Ansett Group creditors approved pooling resolutions across 40 of the Ansett Group companies and trusts. The Ansett Group has now been pooled in its entirety.

Pooling is a shorthand way of describing the legal process which enables the assets and liabilities of some or all of the companies in an insolvent group of related companies to be merged into one of those companies, thereby simplifying the administration of the insolvent group of related companies.

The pooling of the 40 Ansett Group companies and trusts together with further asset sales has made payment of the sixth dividend possible.

Further Dividends

Further to the successful pooling application, Ansett continues to sell off the spare parts inventory and the remaining assets. Currently there is in excess of 9 million units of inventory across 217,000 line items to be sold, four aircraft and two remaining properties.

Further dividends will be paid over the next one to two years dependent on further asset realisations.



Mark Korda
Joint Deed Administrator



Mark Mentha
Joint Deed Administrator

APPENDIX 1 TO EMPLOYEE UPDATE 47

METHODS TO CONTACT ADMINISTRATOR WITH EMPLOYEE QUERIES

Email: employeehotline@ansett.com.au [preferred]

[please include your name and employee number in the subject line]

Mail: Employee Hotline
Ansett Australia
PO Box 362F
Melbourne 3001

Fax: (03) 8600 8433

Phone: **1800 151 604** This employee hotline operates from 8am to 4pm Monday to Friday. The hotline can assist with all dividend and redundancy queries, change of details and general enquiries. This line is staffed by Ansett employees and is often very busy so it may be difficult to get through. Please leave a message at the prompts, and staff will return your call.

Dear Former Employee

Payment of Seventh Dividend

We are pleased to announce the payment of a seventh dividend of \$27.0 million to former Ansett employees and to the Commonwealth. Employees will receive \$16.4 million being 15% of their balance currently outstanding.

The payments will be credited to employees' bank accounts electronically from midnight tonight but may take up to three days to receive. Statements will also be issued to every employee who receives a dividend detailing the amount paid. Any queries may be directed to us via the methods detailed at Appendix 1.

Including the seventh dividend, employees will have received \$666.9 million of the \$760 million owed to them.

The seventh dividend brings to \$132.5 million the total of dividends paid by the Administrators during the 2006 calendar year.

Further Dividends

Further to the successful pooling application, Ansett continues to sell off the spare parts inventory and the remaining assets. Currently there is in excess of 9 million units of inventory across 217,000 line items to be sold and two remaining properties.

Further dividends will be paid over the next one to two years based on further asset sales. It is expected on average, employees will receive over 90 cents in the dollar of their entitlements.

Superannuation

Several employees have enquired recently about their Ansett superannuation. All Ansett superannuation funds have been closed. Action was taken by the individual trustees to roll members benefits into their nominated funds before the plans were closed in 2004.

Where members did not respond to correspondence from the trustees - their benefits were paid to the trustees of AusFund who can be contacted on 1300 361 798.



Mark Korda
Joint Deed Administrator



Mark Mentha
Joint Deed Administrator

APPENDIX 1 TO EMPLOYEE UPDATE 48

METHODS TO CONTACT ADMINISTRATOR WITH EMPLOYEE QUERIES

Email: employeehotline@ansett.com.au [preferred]
[please include your name and employee number in the subject line]

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Phone: **1800 151 604** This employee hotline operates from 8am to 4pm Monday to Friday. The hotline can assist with all dividend and redundancy queries, change of details and general enquiries. This line is staffed by Ansett employees and is often very busy so it may be difficult to get through. Please leave a message at the prompts, and staff will return your call.

Dear Former Employee

Seventh Report to Creditors released Today

Today, we released the Seventh Report to Creditors of the Ansett Group of Companies (“the companies”) on the web site www.ansett.com.au

The Report is 30 pages long. The Report’s Executive Summary is reproduced as follows:

Executive Summary

Introduction

This is the Seventh Report to Creditors of the Ansett Group of Companies. This report provides a general update to creditors on the status of the administration as at 31 December 2006. The Administrators have also issued 83 Committee of Creditors’ updates, 48 employee updates and detailed reports to the Commonwealth Government and to representatives of employees.

What has been achieved?

The Administrators realised \$60.8m of assets during 2006. All aircraft and over 95% of the other assets have now been sold or leased.

The Administrators paid three dividends during 2006. The fifth, sixth and seventh dividends totalled \$132.5m of which \$80.6m was paid to employees and \$51.9m to the Commonwealth Government.

Employees have now received \$666.9m of the estimated total employee entitlements of \$760.0m.

The Commonwealth Government has now received \$322.7m of the \$384.0m of its total advances.

The Ansett Group has been pooled in its entirety. Meetings of creditors took place in August 2006 and the Ansett Group creditors approved pooling resolutions across 40 of the Ansett Group companies and trusts. Pooling was the primary reason for the higher dividends in the year than in 2004 and 2005.

A distribution of \$27 million was also paid to various AAE creditors under the AAE Pooling Compromise Deed.

The Administrators are now able to increase the net asset realisation estimate by a further \$30.0m from \$640.0m to \$670.0m as a result of:

- higher than previously budgeted asset realisations to date;
- higher than previously budgeted future estimated asset realisations;
- lower than budget costs to date; and
- the elimination or mitigation of contingent claims.

Where are we going?

This still remains a comparatively complex administration. The Administrators will:

- continue to sell spare parts;
- collect in amounts still owing from travel agents and pursue legal actions;
- collect aircraft lease revenue; and
- either sell or wind down the engineering business.

The above is expected to realise \$31.5m.

Costs to complete the administration are estimated at \$12.5m. \$3.1m of the total cost to complete the administration is for trade creditors and employee provisions accrued during the administration period to 31 December 2006. \$2.9m of the total cost to complete the administration is for external labour requirements.

There are contingencies, both assets and liabilities, which are being resolved on a continuing basis.

Future dividends

The Administrators estimate employees will receive a further \$21.7m, to be paid over the next few years. This means each employee will receive 23% of their current outstanding balance. Accordingly, the Administrators anticipate total payments of \$688.6m of the \$760.0m of total employee entitlements owed (approximately 90.6 cents in the dollar on average).

The Administrators estimate the Commonwealth Government will ultimately receive \$338.3m of its total advance of \$384.0m.

Further dividends will be paid over the next few years as assets are realised.

It is very important to note the major risks in delivering the estimated returns. These risks are documented in Section 5.3.



Mark Korda

Joint Deed Administrator



Mark Mentha

Joint Deed Administrator

Dear Former Employee

Payment of Eighth Dividend

We are pleased to announce the payment of an eighth dividend of \$15.3 million to former Ansett employees and to the Commonwealth. Employees will receive \$9.3 million being 10% of their balance currently outstanding.

The payments will be credited to employees' bank accounts electronically from midnight tonight but may take up to three days to receive. Statements will also be issued to every employee who receives a dividend detailing the amount paid. Any queries may be directed to us via the methods detailed at Appendix 1.

Including the eighth dividend, employees will have received \$676.2 million of the \$760 million owed to them.

Sale of AAES Assets

In June 2007, the Administrators sold the business assets at the AAES Maintenance base at Melbourne Airport to John Holland Aviation Services ("JHAS").

The sale sees employment opportunities for approximately 150 existing Ansett staff going forward.

Half of the purchase price was received in June 2007 and is in part, a reason for payment of the dividend. The balance of the purchase price will be received when JHAS achieve CASA and EASA certifications or on 1 June 2008 – whichever is the earliest date.

The sale excludes the supply centre and the spare parts. The sale was a complicated transaction due to the on-going certification requirements, employee issues and the on-going requirements of Ansett to maintain control over the IT systems in order to maximise the spare parts revenue.

Ansett will now only employ approximately 30 staff in total going forward. These staff will be involved with the spare parts management, debtor collection including the legal actions set out below and general administration.

Update on Current Litigation

Diners Club - Global Rewards

On 4 May 2007, Diners were ordered by the Supreme Court to pay Ansett the sum of \$9.6 million plus interest of \$5.5 million therefore a total sum of \$15.1 million.

Diners were also ordered to pay a significant portion of Ansett's costs of the proceeding. Diners have paid the claim and interest amounts with the costs currently being determined.

Diners have exercised their right of appeal, and as such, Ansett are required to hold the monies until the appeal is heard. A hearing date has not yet been set.

Diners Club - Merchant Agreement

Pursuant to a standstill agreement between the parties, the arbitration will not be commenced until the Global Rewards proceeding (outlined above) is completed.

IATA

As detailed in the Seventh Report to Creditors, in November 2006 the Victorian Supreme Court, Court of Appeal handed down judgement in Ansett's favour. IATA filed an application for special leave to appeal to the High Court.

The High Court Justices granted IATA leave to appeal. IATA has given the required undertaking to pay Ansett's costs of the High Court appeal (irrespective of the outcome of the appeal).

A hearing date has been set for 5 September 2007.

Superannuation

Several employees have enquired recently about their Ansett superannuation. All Ansett superannuation funds have been closed. Action was taken by the individual trustees to roll members benefits into their nominated funds before the plans were closed in 2004.

Further Dividends

Ansett continues to sell off the spare parts inventory and the remaining assets. Currently there is in excess of 9 million units of inventory across 207,000 line items to be sold and one remaining property after the sale of the AAES assets detailed above.

Further dividends will be paid over the next one to two years based on further asset sales. It is expected on average, employees will receive over 90 cents in the dollar of their entitlements.



Mark Korda
Joint Deed Administrator



Mark Mentha
Joint Deed Administrator

APPENDIX 1 TO EMPLOYEE UPDATE 50

METHODS TO CONTACT ADMINISTRATOR WITH EMPLOYEE QUERIES

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[please include your name and employee number in the subject line]

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Ansett Australia
PO Box 362F
Melbourne 3001

Fax: (03) 8600 8433

Phone: **1800 151 604** This employee hotline operates from 8am to 4pm Monday to Friday. The hotline can assist with all dividend and redundancy queries, change of details and general enquiries. This line is staffed by Ansett employees and is often very busy so it may be difficult to get through. Please leave a message at the prompts, and staff will return your call.

Dear Former Employee

Update on Current Litigation

Diners Club - Global Rewards

Diners' appeal in this matter was heard on Monday 8 October 2007 before the Court of Appeal (The Acting Chief Justice (President Maxwell), Justice Chernov, Justice Cavanough).

By way of background, on 4 May 2007, Diners were ordered by the Supreme Court to pay Ansett the sum of \$9.6 million plus interest of \$5.5 million therefore a total sum of \$15.1 million.

Diners were also ordered to pay a significant portion of Ansett's costs of the proceeding. Diners have paid the claim and interest amounts with the costs currently being determined.

Diners exercised their right of appeal, and as such, Ansett are required to hold the monies until the appeal is heard and the decision handed down. The Court reserved its decision. We will advise immediately upon receipt of the decision.

Diners Club - Merchant Agreement

Pursuant to a standstill agreement between the parties, the arbitration will not be commenced until the Global Rewards proceeding (outlined above) is completed.

IATA

In November 2006 the Victorian Supreme Court, Court of Appeal handed down judgement in Ansett's favour. IATA filed an application for special leave to appeal to the High Court.

The High Court Justices granted IATA leave to appeal. IATA has given the required undertaking to pay Ansett's costs of the High Court appeal (irrespective of the outcome of the appeal). IATA's appeal to the High Court of Australia was heard on 5 September 2007 in Canberra. A full bench of seven Judges sat on the High Court, including the newest appointee, Justice Kiefel.

The Court reserved its decision. We will advise immediately upon receipt of the decision.

TSS

The TSS trial was heard in the Supreme Court in May 2007. The case is essentially a dispute about a few discrete legal points regarding the timing and non-payment of a \$4million dividend.

Justice Hargrave handed down a decision in Ansett's favour on 19 September 2007.

Subsequently, Justice Hargrave heard submissions regarding interest on the dividend. Justice Hargrave handed down a decision in Ansett's favour on 16 October 2007 for interest of \$842,919.78 plus costs.

TSS have 14 days to appeal the decision and indications are that they will.

Summary of Litigation Update

Litigation is a costly and time consuming process. In each case, the litigation is only pursued once careful analysis of the facts and chances of success are undertaken.

Whilst there is currently no money available for distribution as dividends, a favourable decision on the Diners Global Rewards issue or a decision by TSS not to appeal the Supreme Court decision will mean funds can be released for dividend payments relatively quickly.

A favourable decision in the IATA litigation will result in action being taken against individual carriers to recover funds which would be then available for dividend payments.

Further Dividends

Ansett continues to sell off the spare parts inventory and the remaining assets in conjunction with the above litigation. Currently there is in excess of 9 million units of inventory across 205,000 line items to be sold and one remaining property after the sale of the AAES assets detailed in previous updates.

Further dividends will be paid over the next one to two years based on further asset sales and successful litigation outcomes. It is expected on average, employees will receive over 90 cents in the dollar of their entitlements.

Superannuation

AUSfund is a superannuation fund which acts as a holding fund for superannuation funds that have lost track of their members.

AUSfund still holds considerable funds belonging to former Ansett employees who have not claimed their superannuation entitlements. The money is now in AUSfund and was previously in the Ansett Ground Staff Superannuation Fund, the Pilots and Management Superannuation Fund and the Ansett Flight Attendants Superannuation Fund.

AUSfund has been actively trying to find the former Ansett staff.

If you have failed to claim your superannuation, you should contact AUSfund as soon as possible:

Website: www.unclaimedsuper.com.au

Telephone: 1300 361 798

Email: admin@ausfund.net.au



Mark Korda
Joint Deed Administrator



Mark Mentha
Joint Deed Administrator

Dear Former Employee

Payment of Ninth Dividend

We are pleased to announce the payment of a ninth dividend of \$13.8 million to former Ansett employees and to the Commonwealth. Employees will receive \$8.4 million being 10% of their balance currently outstanding.

The payments will be credited to employees' bank accounts electronically from midnight tonight but may take up to three days to receive. Statements will also be issued to every employee who receives a dividend detailing the amount paid. Any queries may be directed to us via the methods detailed at Appendix 1.

Including the ninth dividend, employees will have received \$684.6 million of the \$760 million owed to them. The ninth dividend means employees, on average, will have received over 90 cents in the dollar of their entitlements.

Update on Current Litigation

Diners Club - Global Rewards

As previously advised, Diners' appeal in this matter was heard on Monday 8 October 2007 before the Court of Appeal. By way of background, on 4 May 2007, Diners were ordered by the Supreme Court to pay Ansett \$15.1 million being the \$9.6 million claim plus interest of \$5.5 million.

Diners were also ordered to pay a significant portion of Ansett's costs of the proceeding. These costs are currently being determined.

The \$15.1 million is being held in trust pending the appeal decision being handed down. We will advise immediately upon receipt of the decision.

Diners Club - Merchant Agreement

Pursuant to a standstill agreement between the parties, the arbitration will not be commenced until the Global Rewards proceeding (outlined above) is completed.

IATA

In November 2006 the Victorian Supreme Court, Court of Appeal handed down judgement in Ansett's favour. IATA filed an application for special leave to appeal to the High Court.

The High Court Justices granted IATA leave to appeal. IATA has given the required undertaking to pay Ansett's costs of the High Court appeal (irrespective of the outcome of the appeal). IATA's appeal was heard by the full bench of the High Court of Australia on 5 September 2007 in Canberra.

The Court reserved its decision. We will advise immediately upon receipt of the decision.

TSS

The TSS trial was heard in the Supreme Court in May 2007. The case is a dispute regarding non-payment of a \$4 million dividend.

Justice Hargrave has handed down decisions in Ansett's favour which include interest and costs. TSS have paid the \$4 million claim plus interest – a total of \$4.9 million. TSS have exercised their right of appeal, and as such, Ansett are required to hold the monies in trust until the appeal is heard. A hearing date has not yet been set.

Summary of Litigation Update

Whilst there is currently no money available for distribution as dividends from the litigation, a favourable decision on either the Diners Global Rewards or TSS issue will mean funds can be released for dividend payments relatively quickly. A favourable decision in the IATA litigation will result in action being taken against individual carriers to recover funds which would be then available for dividend payments.

Eighth Report to Creditors

The Eighth Report to Creditors will be released in March 2008. The report will focus on the achievements during the 2007 calendar year and will provide an updated estimate of the return to employees and SEES.



Mark Korda
Joint Deed Administrator



Mark Mentha
Joint Deed Administrator

APPENDIX 1 TO EMPLOYEE UPDATE 52

METHODS TO CONTACT ADMINISTRATOR WITH EMPLOYEE QUERIES

Email: employeehotline@ansett.com.au [preferred]
[please include your name and employee number in the subject line]

Mail: Employee Hotline
Ansett Australia
PO Box 362F
Melbourne 3001

Fax: (03) 8600 8433

Phone: **1800 151 604** This employee hotline operates from 8am to 4pm Monday to Friday. The hotline can assist with all dividend and redundancy queries, change of details and general enquiries. This line is staffed by Ansett employees and is often very busy so it may be difficult to get through. Please leave a message at the prompts, and staff will return your call.

Dear Former Employee

Update on Current Litigation

Diners Club - Global Rewards

Yesterday, the Supreme Court of Victoria, Court of Appeal handed down Judgement in favour of Ansett, thus dismissing Diner's appeal against the original judgement in Ansett's favour, handed down by the Victorian Supreme Court in May 2007.

Diners' appeal in this matter was heard on Monday 8 October 2007 before the Court of Appeal (The Acting Chief Justice (President Maxwell), Justice Chernov, Justice Cavanough). By way of background, on 4 May 2007, Diners were ordered by the Supreme Court to pay Ansett the sum of \$15.1 million being \$9.6 million plus interest of \$5.5 million. Ansett was required to hold these monies subject to the appeal being heard and this decision being handed down.

Diners were also ordered to pay a significant portion of Ansett's costs of the proceeding. The costs are currently being determined.

Diners have the right to seek leave to appeal to the High Court of Australia. Diners have 28 days from the date of judgment (yesterday) to file an application for special leave. Until Diners either seek leave or the time frame to do so expires, we will continue to hold the monies in trust. We will advise the immediately upon receipt of Diners' intent as to the appeal.

Diners Club - Merchant Agreement

Pursuant to a standstill agreement between the parties, the arbitration will not be commenced until the Global Rewards proceeding (outlined above) is completed.

IATA

On 6 February 2008, the High Court handed down Judgement in favour of IATA. This was a result of IATA's appeal against the judgement in Ansett's favour handed down by the Victorian Supreme Court, Court of Appeal in November 2006. IATA's appeal was heard by the full bench of the High Court of Australia on 5 September 2007 in Canberra.

As a result of the High Court judgment, Ansett will not now be able to recover the monies set off in the IATA clearances after the appointment of Voluntary Administrators on 12 September 2001 from the other relevant IATA member airlines. However, there is a possibility that Ansett may be able to recover amounts in respect of rejections from other IATA member airlines. Ansett is considering these potential claims further.

When IATA issued the proceeding against Ansett in 2002 it sought declarations that the Administrators were personally liable to IATA for approximately US\$6.7 million together with interest. Following the exchange of affidavits, IATA abandoned these claims, along with several others including an estoppel claim, in the period leading up to trial.

There are a number of outstanding issues in relation to costs flowing largely from the abandonment by IATA of various aspects of its case which are currently being investigated further.

TSS

The TSS trial was heard in the Supreme Court in May 2007. The case is a dispute regarding non-payment of a \$4 million dividend.

Justice Hargrave has handed down decisions in Ansett's favour which includes interest and costs. TSS have paid the \$4 million claim plus interest – a total of \$4.9 million. TSS have exercised their right of appeal, and as such, Ansett are required to hold the monies in trust until the appeal is heard. A hearing date has not yet been set.

The parties are however preparing to meet for mediation discussions in the next month.

Summary of Litigation Update

Whilst there is currently no money available for distribution as dividends from the litigation, the events on both the Diners Global Rewards and TSS issues are very positive and further advances on either issue will mean funds can be released for dividend payments relatively quickly.

Sale of AAES Assets

As previously advised, in June 2007, the Administrators sold the business assets at the AAES Maintenance base at Melbourne Airport to John Holland Aviation Services ("JHAS"). The sale saw continuing employment opportunities for approximately 150 staff.

Half of the purchase price was received in June 2007. The balance of the purchase price was to be received when JHAS obtained its own CASA and EASA certifications or on 1 June 2008 – whichever was the earliest date. We are pleased to confirm the balance of the purchase price was received in February 2008 upon JHAS certification.

The sale excluded the supply centre and spare parts. The sale was a complicated transaction due to the on-going certification requirements, employee issues and the on-going requirements of Ansett to maintain control over the IT systems in order to maximise the spare parts revenue.

Ansett will now only employ approximately 30 staff going forward. These staff will be involved with the spare parts management, debtor collection including the legal actions set out previously and general administration.

Eighth Report to Creditors

The Eighth Report to Creditors will be released in March 2008. The report will focus on the progress of the Administration during the 2007 calendar year and will provide an updated estimate of the return to employees and SEES.



Mark Korda
Joint Deed Administrator



Mark Mentha
Joint Deed Administrator

Dear Former Employee

Payment of Tenth Dividend

We are pleased to announce the payment of a tenth dividend of \$24.6 million to former Ansett employees and to the Commonwealth. Employees will receive \$15.0 million being 20% of their balance currently outstanding.

The payments will be credited to employees' bank accounts electronically from midnight tonight but may take up to three days to receive. Statements will also be issued to every employee who receives a dividend detailing the amount paid. Any queries may be directed to us via the methods detailed at Appendix 1.

Including the tenth dividend, employees will have received \$697.8 million of the \$758 million owed to them. The tenth dividend means employees, on average, will have received approximately 92 cents in the dollar of their entitlements.

Update on Current Litigation

Diners Club - Global Rewards

In our previous update, we advised that the Supreme Court of Victoria, Court of Appeal handed down Judgement in favour of Ansett, thus dismissing Diner's appeal against the original judgement in Ansett's favour.

Diners had the right to seek leave to appeal to the High Court of Australia within 28 days.

The 28 day period has expired and Diners did not exercise their right of appeal. The \$16.1m in the Trust account is therefore available to pay the dividend.

Diners Club - Merchant Agreement

Pursuant to a standstill agreement between the parties, the arbitration was not to be commenced until the Global Rewards proceeding (outlined above) is completed. We are now in the process of enlivening these proceedings.

TSS

Ansett issued a writ and Statement of Claim in the Commercial List in the Supreme Court of Victoria at Melbourne against Travel Software Solutions (“TSS”). The statement of claim alleged that TSS is indebted to Ansett for monies due pursuant to a dividend declared by TSS on 21 December 2005 and for which Ansett as a shareholder of TSS is entitled to receive the sum of \$4 million, plus interest and costs.

TSS defended the claim on the basis of an alleged right of set-off amongst other things. The TSS trial was heard in the Supreme Court in May 2007.

Judgement was in Ansett’s favour which included interest and costs. TSS paid the \$4 million claim plus interest – a total of \$4.9 million into our Trust account. TSS then exercised their right of appeal.

Mediation took place on 27 March 2008 whereby the parties agreed to a confidential settlement. The \$5.0m (including accrued interest) in the Trust account is to be retained by the administration.

Eighth Report to Creditors released

The Administrators have released the Eighth Report to Creditors of the Ansett Group of Companies on the web site www.ansett.com.au.

The Report is 28 pages long. The Report’s Executive Summary is reproduced below.



Mark Korda
Joint Deed Administrator



Mark Mentha
Joint Deed Administrator

Executive Summary

Introduction

This is the Eighth Report to Creditors of the Ansett Group of Companies. This report provides a general update to creditors on the status of the administration as at 31 December 2007. The Administrators have also issued 88 Committee of Creditors' updates, 52 employee updates and detailed reports to the Commonwealth Government and to representatives of employees.

What has been achieved?

The Administrators realised \$20.7m of assets during 2007. All aircraft and over 95% of the other assets have now been sold, parted or leased.

The Administrators paid two dividends during 2007. The eighth and ninth dividends totalled \$29.1m, of which \$17.7m was paid to employees and \$11.4m to the Commonwealth Government.

Employees have now received \$682.8m (after the payment of the 9th Dividend) of the revised total employee entitlements of \$758.0m.

The Commonwealth Government has now received \$334.0m of the \$382.4m of its total advances.

Subsequent to 31 December 2007, the SEES scheme has also been closed. The total employee entitlements and SEES advances have also been finalised and marginally reduced due to the elimination of contingent liabilities and certain warranties expiring.

The Administrators are now able to increase the net asset realisation estimate by a further \$40.0m from \$670.0m to \$710.0m as a result of:

- higher than previously budgeted asset realisations to date;
- higher than previously budgeted future estimated asset realisations;
- lower than budget costs to date; and
- the elimination or mitigation of contingent claims.

Where are we going?

The Administrators will:

- continue to sell spare parts;
- collect in amounts still owing from travel agents and pursue legal actions; and
- collect aircraft lease revenue.

The above is expected to realise \$49.0m.

Costs to complete the administration are estimated at \$8.0m. \$2.2m of the total cost to complete the administration is for trade creditors and employee provisions accrued during the administration period to 31 December 2007. \$2.7m of the total cost to complete the administration is for external labour requirements.

There are contingencies, both assets and liabilities, which are being resolved on a continuing basis.

Future dividends

The Administrators estimate employees will receive at least a further \$29.8m, to be paid over the next few years. **This means each employee will receive at least 40 cents in the \$ of their current outstanding balance (after the payment of the 9th Dividend).** Accordingly, the Administrators anticipate total payments of \$712.6m of the \$758.0m of total employee entitlements owed (approximately 94 cents in the dollar on average).

We note this is a significant increase of \$24.0m to the employees since the last report. The increase is due largely to litigation success that has crystallised in the last month.

The Administrators estimate the Commonwealth Government will ultimately receive \$353.2m of its total advance of \$382.4m. Further dividends will be paid over the next few years as assets are realised.

It is important to note the major risks in delivering the estimated returns. These risks are documented in Section 5.3.

Subsequent Events Update

Subsequent to 31 December 2007, the Administrators have concluded the Diners Global Rewards and TSS litigation. Further details are documented in Section 6. The funds from these pieces of litigation will be used to pay a further dividend in April 2008.

Dear Former Employee

Administration Strategy and Further Dividends

Although our strategy has been for an orderly realisation of assets rather than a fire sale, this strategy has resulted in dividends to the employees far greater than those originally estimated, but it has taken time.

The continuing strategy is broadly as follows:

- continue to realise remaining assets in an orderly manner;
- continue to finalise litigation which has been successful to date; and
- reduce costs wherever possible such as the closure of the city office and IT consolidation.

Whilst we continue to realise significant funds that enable meaningful distributions to the employees, we will continue with this strategy.

Further dividends will be paid over the next few years based on further asset sales and successful litigation outcomes. Employees on average have now received 92 cents in the dollar of their entitlements and the current estimate is employees will receive on average over 94 cents in the dollar.

Update on Current Litigation

Diners Club - Global Rewards

In our previous update, we advised employees of the successful outcome on the Global Rewards matter. The proceeds from this legal action were \$16.1 million and contributed towards the April 2008 dividend.

Diners Club - Merchant Agreement

Ansett also has a claim against Diners under a Merchant Agreement. The claim is for the amount that should have been paid to Ansett from customers purchasing Ansett flight tickets using their Diners cards, plus interest and costs. Diners are alleging various offsets against the Ansett claim.

This matter has been on hold until the Global Rewards proceeding (outlined above) was completed. Discussions are currently underway with Diners to clarify the issues and amounts in dispute. In the event that the claim is not settled, a New York law firm will be engaged to progress the matter to arbitration.

Other Litigation

The ex-Ansett employees who made up the BSP Collections team have now finished with Ansett. We thank the team for their efforts. Total recoveries of this team exceeded \$13.5 million (excluding Diners and TSS) of which \$3 million has been collected in the last 24 months.

Spares, Rotables, Consumables and Property

Currently there is in excess of 9 million units of inventory across 200,000 line items to be sold and one remaining property being the Supply Centre.

During 2007, \$11.0 million was realised from the sale of spares, rotables and consumables. During the nine months to 30 September 2008, \$7.2 million has been realised from the sale of spares, rotables and consumables.

The Administrators' consignment and marketing agreement with AASS for the sale of rotables and consumables has minimum performance standards, which were again met during 2007 and to date in 2008.

City Office Closed

Ansett has closed the temporary city office (relocated from Ansett HQ when it was sold for redevelopment). The Ansett employees in the city office managed litigation, employee entitlements and distributions, creditor processes and general enquiries. As the number of employees has decreased over the years, to further reduce costs the remaining employees have relocated to the Supply Centre at Hewitt Way, Tullamarine.

Superannuation

AUSfund still holds over \$40 million belonging to more than 1,500 former Ansett employees who have not claimed their superannuation entitlements. AUSfund is a superannuation fund which acts as a holding fund for superannuation funds that have lost track of their members.

The money now in AUSfund was previously in the Ansett Ground Staff Superannuation Fund, the Pilots and Management Superannuation Fund and the Ansett Flight Attendants Superannuation Fund.

AUSfund has been actively trying to find the former Ansett staff. If you have failed to claim your superannuation, you should contact AUSfund as soon as possible:

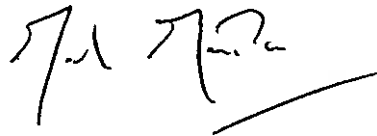
Website: www.unclaimedsuper.com.au

Telephone: 1300 361 798

Email: admin@ausfund.net.au



Mark Korda
Joint Deed Administrator



Mark Mentha
Joint Deed Administrator

Dear Former Employee

Payment of Eleventh Dividend

We are pleased to announce the payment of an eleventh dividend of \$19.7 million to former Ansett employees and to the Commonwealth. Employees will receive \$12.0 million being 20% of their balance currently outstanding.

The payments will be credited to employees' bank accounts electronically from midnight tonight but may take 24 hours to process. Statements will also be issued to every employee who receives a dividend detailing the amount paid. Any queries may be directed to us via the methods detailed at Appendix 1 and 2.

Including the eleventh dividend, employees will have received \$709.8 million of the \$758 million owed to them. The eleventh dividend means employees, on average, will have received approximately 93.6 cents in the dollar of their entitlements.

Further Dividends and the Administration Strategy

The dividend brings the total dividends for the 2008 calendar year to \$44.3 million. Further dividends will be paid over the next few years based on further asset sales and successful litigation outcomes.

Employees on average have now received 93.6 cents in the dollar of their entitlements. The annual asset revaluations to confirm the total estimated entitlement payments will take place around the 31 December 2008 balance date.

Although our strategy has been for an orderly realisation of assets rather than a fire sale, this strategy has resulted in dividends to the employees far greater than those originally estimated, but it has taken time.

Whilst we continue to realise significant funds that enable meaningful distributions to the employees, we will continue with this strategy.

Update on Current Litigation

Diners Club - Global Rewards

In our previous update, we advised employees of the successful outcome on the Global Rewards matter. The proceeds from this legal action were \$16.1 million and contributed towards the April 2008 dividend.

Diners Club - Merchant Agreement

Ansett also has a claim against Diners under a Merchant Agreement. The claim is for the amount that should have been paid to Ansett from customers purchasing Ansett flight tickets using their Diners cards, plus interest and costs. Diners are alleging various offsets against the Ansett claim.

This matter has been on hold until the Global Rewards proceeding (outlined above) was completed. Mediation will take place shortly on this matter. In the event that the claim is not settled, a New York law firm will be engaged to progress the matter to arbitration.

Other Litigation

The team are currently finalising the collection of the outstanding accounts. Further recoveries on these accounts will be advised on receipt.

Spares, Rotables, Consumables and Property

Currently there is in excess of 9 million units of inventory across 200,000 line items to be sold and one remaining property being the Supply Centre.

During 2007, \$11.0 million was realised from the sale of spares, rotables and consumables. During the eleven months to 30 November 2008, \$8.2 million has been realised from the sale of spares, rotables and consumables.

The Administrators' consignment and marketing agreement with AASS for the sale of rotables and consumables has minimum performance standards, which were again met during 2007 and to date in 2008.

Superannuation

AUSfund still holds over \$40 million belonging to more than 1,500 former Ansett employees who have not claimed their superannuation entitlements. AUSfund is a superannuation fund which acts as a holding fund for superannuation funds that have lost track of their members.

The money now in AUSfund was previously in the Ansett Ground Staff Superannuation Fund, the Pilots and Management Superannuation Fund and the Ansett Flight Attendants Superannuation Fund.

AUSfund has been actively trying to find the former Ansett staff. If you have failed to claim your superannuation, you should contact AUSfund as soon as possible:

Website: www.unclaimedsuper.com.au

Telephone: 1300 361 798

Email: admin@ausfund.net.au



Mark Korda
Joint Deed Administrator



Mark Mentha
Joint Deed Administrator

APPENDIX 1 TO EMPLOYEE UPDATE 56

METHODS TO CONTACT ADMINISTRATOR WITH EMPLOYEE QUERIES

Email: employeehotline@ansett.com.au [preferred]

- please include your name and employee number in the subject line
- please use the form in Appendix 2 to this update

Mail: Employee Hotline
Ansett Australia
GPO Box 2985
Melbourne 3001

Fax: +61 3 9330 0650

Phone: +61 3 9338 2033 or 1800 151 604

This employee hotline operates from 8am to 4pm Monday to Friday. The hotline can assist with all dividend and redundancy queries, change of details and general enquiries. This line is staffed by Ansett employees and is often very busy so it may be difficult to get through. Please leave a message at the prompts, and staff will return your call.

APPENDIX 2 TO EMPLOYEE UPDATE 56

Level 24, 333 Collins Street, Melbourne Vic 3000
Telephone 03 9338 2033
Ansett Australia Limited (Subject to Deed of Company Arrangement) ABN 37 004 209 410

CHANGE OF DETAILS FORM

Please return this form to Ansett Australia Payroll at GPO Box 2985 Melbourne Victoria 3001 or fax to (03) 9330-0650.

Alternatively, you may email all the required information to employeehotline@ansett.com.au.

REQUIRED DETAILS

Last Name: _____

Given Names: _____

Employee Number: _____

Date of Birth: _____

ADDRESS DETAILS

Former Address: _____

Current Address: _____

Phone: _____ Mobile: _____

Email Address: _____

BANKING DETAILS

Former Account:

Bank and Branch Account Number

Bank: _____

Branch: _____

Account in the Name of: _____

Current Account:

Bank and Branch Account Number

Bank: _____

Branch: _____

Account in the Name of: _____

Employee's Signature

Date

Dear Former Employee

Update on Current Litigation

Diners Club - Merchant Agreement

Pursuant to a standstill agreement between the parties, the arbitration was not to be commenced until the Diners Club Global Rewards proceeding was completed which occurred in April 2008.

The proceedings were enlivened during the second half of 2008 and mediation took place on 19 December 2008. The Administrators successfully settled the arbitration for \$5.25 million. The funds were received in February 2009.

This is the last significant piece of litigation to be concluded by the Administrators.

Ninth Report to Creditors released

The Administrators have released the Ninth Report to Creditors of the Ansett Group of Companies on the web site www.ansett.com.au.

The Report is 26 pages long. The Report's Executive Summary is reproduced below.



Mark Korda
Joint Deed Administrator



Mark Mentha
Joint Deed Administrator

Executive Summary

Introduction

This is the Ninth Report to Creditors of the Ansett Group of Companies. This report provides a general update to creditors on the status of the administration as at 31 December 2008. The Administrators have also issued 95 Committee of Creditors' updates, 56 employee updates and detailed reports to the Commonwealth Government and to representatives of employees.

What has been achieved?

The Administrators realised \$16.1m of assets during 2008. All aircraft and over 95% of the other assets have now been sold, parted or leased.

The Administrators paid two dividends during 2008. The tenth and eleventh dividends totalled \$44.3m, of which \$24.6m was paid to employees and \$19.7m to the Commonwealth Government.

Employees have now received \$709.8m of the revised total employee entitlements of \$758.0m.

The Commonwealth Government has now received \$351.7m of the \$382.4m of its total advances.

The SEES scheme has now been closed.

The Administrators are now able to increase the net asset realisation estimate by a further \$10.0m from \$710.0m to \$720.0m as a result of:

- higher than previously budgeted asset realisations to date;
- higher than previously budgeted future estimated asset realisations;
- lower than budget costs to date; and
- the elimination or mitigation of contingent claims.

Where are we going?

The Administrators will:

- continue to sell spare parts;
- collect amounts from legal actions; and
- collect lease revenue from aviation assets.

The above is expected to realise \$16.4m.

Costs to complete the administration are estimated at \$5.4m. \$1.0m of the total cost to complete is for trade creditors and employee provisions accrued during the administration period to 31 December 2008.

There are contingencies, both assets and liabilities, which are being resolved on a continuing basis. \$6m is held as a contingency.

Future dividends

The Administrators estimate employees will receive at least a further \$8.5m, to be paid over the next few years. **This means each employee should receive at least 18 cents in the \$ of their current outstanding balance.** Accordingly, the Administrators anticipate total payments of \$718.3m of the \$758.0m of total employee entitlements owed (approximately 94.8 cents in the \$ on average).

We note this is an increase of \$5.7m to employees since the last report due largely to successful legal actions.

The Administrators estimate the Commonwealth Government will ultimately receive \$357.1m of its total advance of \$382.4m. Further dividends will be paid over the next few years as assets are realised.

It is important to note the major risks in delivering the estimated returns. These risks are documented in Section 5.3.

Subsequent Events Update

Subsequent to 31 December 2008, the Administrators have successfully concluded the Diners Global Master Merchants Agreements litigation through mediation and banked \$5.25m. Further details are documented in Section 6.

Dear Former Employee

Payment of Twelfth Dividend

We are pleased to announce the payment of a twelfth dividend of \$13.8 million to former Ansett employees and to the Commonwealth. Employees will receive \$8.4 million being 17.5% of their balance currently outstanding.

The payments will be credited to employees' bank accounts electronically from midnight tonight but may take 24 hours to process. Statements will also be issued to every employee who receives a dividend detailing the amount paid. Any queries may be directed to us via the methods detailed at Appendix 1 and 2.

Including the twelfth dividend, employees will have received \$718.2 million of the \$758 million owed to them. The twelfth dividend means employees, on average, will have received approximately 95 cents in the dollar of their entitlements.

Further Dividends and the Administration Strategy

Our strategy has been for an orderly realisation of assets rather than a fire sale. This strategy has resulted in dividends to the employees far greater than those originally estimated, but it has taken time.

Whilst we continue to realise significant funds that enable meaningful distributions to the employees, we will continue with this strategy.

Spares, Rotables, Consumables and Property

Currently there is in excess of 9 million units of inventory across 195,000 line items to be sold and one remaining property being the Supply Centre.

During 2008, \$8.6 million was realised from the sale of spares, rotables and consumables. During the eleven months to 30 November 2009, \$4.9 million has been realised from the sale of spares, rotables and consumables.

The Administrators' consignment and marketing agreement with AASS for the sale of rotables and consumables has minimum performance standards, which were again met during 2008 and to date in 2009.

Aircraft

During 2009 we have received approximately \$2.9 million from the sale of Aircraft. We continued to negotiate a settlement on the two BAe146 aircraft that were with Orion Air and finalised the contracts and received the final payment in June 2009.

We have also continued to trade the engine stock and have sold ALF engines to different parties during 2009.

Superannuation

We continue to remind former Ansett employees that AUSfund still holds over \$30 million belonging to more than 1,300 former Ansett employees who have not claimed their superannuation entitlements. AUSfund is a superannuation fund which acts as a holding fund for superannuation funds that have lost track of their members.

The money now in AUSfund was previously in the Ansett Ground Staff Superannuation Fund, the Pilots and Management Superannuation Fund and the Ansett Flight Attendants Superannuation Fund.

AUSfund has been actively trying to find the former Ansett staff. If you have failed to claim your superannuation, you should contact AUSfund as soon as possible:

Website: www.unclaimedsuper.com.au

Telephone: 1300 361 798 or Email: admin@ausfund.net.au



Mark Korda
Joint Deed Administrator



Mark Mentha
Joint Deed Administrator

APPENDIX 1 TO EMPLOYEE UPDATE 58

METHODS TO CONTACT ADMINISTRATOR WITH EMPLOYEE QUERIES

Email: employeehotline@ansett.com.au [preferred]

- please include your name and employee number in the subject line
- please use the form in Appendix 2 to this update

Mail: Employee Hotline
Ansett Australia
GPO Box 2985
Melbourne 3001

Fax: +61 3 9330 0650

Phone: +61 3 9338 2033 or 1800 151 604

This employee hotline operates from 8am to 4pm Monday to Friday. The hotline can assist with all dividend and redundancy queries, change of details and general enquiries. This line is staffed by Ansett employees and is often very busy so it may be difficult to get through. Please leave a message at the prompts, and staff will return your call.

APPENDIX 2 TO EMPLOYEE UPDATE 58

Level 24, 333 Collins Street, Melbourne Vic 3000
Telephone 03 9338 2033
Ansett Australia Limited (Subject to Deed of Company Arrangement) ABN 37 004 209 410

CHANGE OF DETAILS FORM

Please return this form to Ansett Australia Payroll at GPO Box 2985 Melbourne Victoria 3001 or fax to (03) 9330-0650.

Alternatively, you may email all the required information to employeehotline@ansett.com.au.

REQUIRED DETAILS

Last Name: _____

Given Names: _____

Employee Number: _____

Date of Birth: _____

ADDRESS DETAILS

Former Address: _____

Current Address: _____

Phone: _____ Mobile: _____

Email Address: _____

BANKING DETAILS

Former Account:

Bank and Branch Account Number

Bank: _____

Branch: _____

Account in the Name of: _____

Current Account:

Bank and Branch Account Number

Bank: _____

Branch: _____

Account in the Name of: _____

Employee's Signature

Date

Dear Former Employee

Tenth Report to Creditors released

The Administrators have released the Tenth Report to Creditors of the Ansett Group of Companies on the web site www.ansett.com.au .

The Report is 18 pages long. The Report's Executive Summary is reproduced below.



Mark Korda
Joint Deed Administrator



Mark Mentha
Joint Deed Administrator

Executive Summary

Introduction

This is the Tenth Report to Creditors of the Ansett Group of Companies. This report provides a general update to creditors on the status of the administration as at 31 December 2009. The Administrators have also issued 97 Committee of Creditors updates, 58 employee updates and detailed reports to the Commonwealth Government and to representatives of employees.

What has been achieved?

The Administrators realised \$13.5m of assets during 2009. All aircraft and over 95% of the other assets have now been sold, parted or leased.

The Administrators paid one dividend during 2009. The twelfth dividend totalled \$13.8m, of which \$8.4m was paid to employees and \$5.4m to the Commonwealth Government.

Employees have now received \$718.2m of the revised total employee entitlements of \$758.0m.

The Commonwealth Government has now received \$357.1m of the \$382.4m of its total advances.

The SEES scheme has now been closed.

The Administrators are now able to increase the net asset realisation estimate by a further \$8.0m from \$720.0m to \$728.0m as a result of:

- higher than previously budgeted asset realisations to date;
- higher than previously budgeted future estimated asset realisations;
- lower than budget costs to date; and
- elimination or mitigation of known contingent claims.

Where are we going?

The Administrators will:

- continue to sell spare parts;
- collect amounts from legal actions; and
- collect lease revenue from aviation assets.

The above is expected to realise \$7.1m.

There are no longer any known material contingent liabilities that could affect the return to creditors. As such, we no longer hold a contingency reserve.

Future dividends

The Administrators estimate employees will receive at least a further \$4.9m, to be paid over the next few years. This means each employee should receive at least 12 cents in the \$ of their current outstanding balance. Accordingly, the Administrators anticipate total payments of \$723.1m of the \$758.0m of total employee entitlements owed (approximately 95.4 cents in the \$ on average).

We note this is an increase of \$4.8m to employees since the last report due largely to successful legal action recoveries and the sale of aircraft.

The Administrators estimate the Commonwealth Government will ultimately receive \$360.2m of its total advance of \$382.4m. Further dividends will be paid over the next few years as assets are realised.

It is important to note the risks in delivering the estimated returns. These risks are documented in Section 4.3.

Dear Former Employee

Payment of Thirteenth Dividend

We are pleased to announce the payment of a thirteenth dividend of \$6.5 million to former Ansett employees and to the Commonwealth. Employees will receive \$4.0 million being 10.0% of their balance currently outstanding.

The payments will be credited to employees' bank accounts electronically from midnight tonight but may take 24 hours to process. Statements will also be issued to every employee who receives a dividend detailing the amount paid. Any queries may be directed to us via the methods detailed at Appendix 1 and 2.

Including the thirteenth dividend, employees will have received \$722.2 million of the \$758 million owed to them. The thirteenth dividend means employees, on average, will have received over 95 cents in the dollar of their entitlements.

Spares, Rotables, Consumables and Property

Currently there is in excess of 9 million units of inventory across 195,000 line items to be sold and one remaining property being the Supply Centre.

During 2009, \$5.2 million was realised from the sale of spares, rotables and consumables. During the eleven months to 30 November 2010, \$2.5 million has been realised from the sale of spares, rotables and consumables.

Aircraft and Engines

During 2010 we have received approximately \$0.4 million from the sale of Engines. Ansett disposed of its aircraft prior to 2010.

Litigation

During 2010 we have received approximately \$2.1 million being the final amount awarded for costs in the Global Rewards litigation. There is no significant litigation outstanding.

Further Dividends and the Administration Strategy

Our strategy has been for an orderly realisation of assets rather than a fire sale. This strategy has resulted in dividends to the employees far greater than originally estimated.

With the successful conclusion of the outstanding litigation, we have reached a point where the funds realised from the on-going commercial operations will no longer provide meaningful distributions to employees.

As such, we will now proceed with selling the remaining assets in one line to a purchaser and will then complete the administration.

Superannuation

We continue to remind former Ansett employees that AUSfund still holds over \$30 million belonging to more than 1,300 former Ansett employees who have not claimed their superannuation entitlements. AUSfund is a superannuation fund which acts as a holding fund for superannuation funds that have lost track of their members.

The money now in AUSfund was previously in the Ansett Ground Staff Superannuation Fund, the Pilots and Management Superannuation Fund and the Ansett Flight Attendants Superannuation Fund.

AUSfund has been actively trying to find the former Ansett staff. If you have failed to claim your superannuation, you should contact AUSfund as soon as possible:

Website: www.unclaimedsuper.com.au telephone: 1300 361 798 or email: admin@ausfund.net.au



Mark Korda
Joint Deed Administrator



Mark Mentha
Joint Deed Administrator

APPENDIX 1 TO EMPLOYEE UPDATE 60

METHODS TO CONTACT ADMINISTRATOR WITH EMPLOYEE QUERIES

Email: employeehotline@ansett.com.au [preferred]
- please include your name and employee number in the subject line
- please use the form in Appendix 2 to this update

Mail: Employee Hotline
Ansett Australia
GPO Box 2985
Melbourne 3001

Fax: +61 3 9330 0650

Phone: +61 3 9338 2033 or 1800 151 604

This employee hotline operates from 8am to 4pm Monday to Friday. The hotline can assist with all dividend and redundancy queries, change of details and general enquiries. This line is staffed by Ansett employees and is often very busy so it may be difficult to get through. Please leave a message at the prompts, and staff will return your call.

APPENDIX 2 TO EMPLOYEE UPDATE 60

Level 24, 333 Collins Street, Melbourne Vic 3000
Telephone 03 9338 2033
Ansett Australia Limited (Subject to Deed of Company Arrangement) ABN 37 004 209 410

CHANGE OF DETAILS FORM

Please return this form to Ansett Australia Payroll at GPO Box 2985 Melbourne Victoria 3001 or fax to (03) 9330-0650.

Alternatively, you may email all the required information to employeehotline@ansett.com.au.

REQUIRED DETAILS

Last Name: _____

Given Names: _____

Employee Number: _____

Date of Birth: _____

ADDRESS DETAILS

Former Address: _____

Current Address: _____

Phone: _____ Mobile: _____

Email Address: _____

BANKING DETAILS

Former Account:

Bank and Branch Account Number

Bank: _____

Branch: _____

Account in the Name of: _____

Current Account:

Bank and Branch Account Number

Bank: _____

Branch: _____

Account in the Name of: _____

Employee's Signature

Date

Ansett Employee Update



Update 61
2 September 2011

Dear Former Employee

Today, Friday September 2, 2011, marks the end of the final chapter in the history of the Ansett group of companies.

It is the day we are announcing the 14th and final dividend to former employees of Ansett, thus bringing to an end the Administration which began almost 10 years ago on 12 September 2001.

A total of \$8.7 million is being distributed to former employees and the Commonwealth. Employees will receive \$5.3 million, representing 14.75% of their balance currently outstanding. This brings the total dividends to former employees to \$727.5 million. That represents approximately 96 cents in the dollar of entitlements.

The Commonwealth will receive \$3.4 million, representing 14.75% of their balance currently outstanding under the SEES scheme. This means the Commonwealth will have received \$363.0 million of the \$382.4 million previously advanced.

Payments to former employees are being credited to employees' bank accounts electronically today and they may take 24 hours to process. Statements will be issued to every employee who receives a dividend. Any queries may be directed to us via the methods detailed in Appendix 1 and Appendix 2.

The collapse of one of Australia's most important and most loved transport companies brought pain and anguish to many former employees and their families. Today represents a degree of closure.

For employees and their families, the result is much better than many predicted in the early days of the administration.

The team at KordaMentha promised 10 years ago to give 150% effort to get the best possible result for employees. We believe they have delivered.

But the people who have inspired us have been the Ansett people who stayed on to help the KordaMentha team bring about an orderly and efficient realisation of the assets so that employees could get the best outcome possible.

There is no doubt that the unique spirit of Ansett lived on amongst these people for years after the collapse. Many staff told us that working at Ansett was like being in a special family. And that is how they worked during the administration – like people trying to do the best for members of their family.

We hesitate to single out any individuals, but we believe the Ansett spirit was personified by Alan Pickering, the former engine shop manager who helped us sell millions of spare parts and other assets to help produce today's result. After more than 49 years with Ansett, Alan was amongst the last staff to leave a few weeks ago after the sale of the spare parts centre in Melbourne.

The asset sale ranged from certified nuts and bolts to 767s and airport terminals. With support from you and your representatives we resisted a fire sale which would have produced fast but meagre results because of the parlous state of the global aviation industry in the immediate aftermath of the 9/11 attacks. Your patience has been vindicated.

Apart from dealing with a few residual legal matters and any questions you send us by email or fax (see Appendix 1 and Appendix 2), it is time for KordaMentha to sign off and wish you all the best for the future.



Mark Korda
Joint Deed Administrator



Mark Mentha
Joint Deed Administrator

APPENDIX 1 TO EMPLOYEE UPDATE 61

METHODS TO CONTACT ADMINISTRATOR WITH EMPLOYEE QUERIES

Email: ansett@kordamentha.com
- please include your name and employee number in the subject line
- please use the form in Appendix 2 to this update

Mail: Employee Hotline
Ansett Australia
GPO Box 2985
Melbourne 3001

Fax: +61 3 8623 3399

Phone: +61 3 8623 3333

APPENDIX 2 TO EMPLOYEE UPDATE 61

Level 24, 333 Collins Street, Melbourne Vic 3000
Telephone 03 8623 3333
Ansett Australia Limited (Subject to Deed of Company Arrangement) ABN 37 004 209 410

CHANGE OF DETAILS FORM

Please return this form to Ansett Australia Payroll at GPO Box 2985 Melbourne Victoria 3001 or fax to (03) 8623 3399.

Alternatively, you may email all the required information to ansett@kordamentha.com

REQUIRED DETAILS

Last Name: _____

Given Names: _____

Employee Number: _____

Date of Birth: _____

ADDRESS DETAILS

Former Address: _____

Current Address: _____

Phone: _____ Mobile: _____

Email Address: _____

BANKING DETAILS

Former Account:

Bank and Branch Account Number

Bank: _____

Branch: _____

Account in the Name of: _____

Current Account:

Bank and Branch Account Number

Bank: _____

Branch: _____

Account in the Name of: _____

Employee's Signature

Date

Ansett Employee Information



9 August 2004

Dear Former Employee,

PAYMENT OF INCREASED PILN TO OTHER AWARDS

Following the decision of the Federal Court regarding increased PILN for ALAEA members, an assessment of other award employees to whom increased PILN payments may be due has been completed and a claim for \$8.2m was submitted to SEESA for assessment and funding.

The other awards comprise:

- Professional Engineers (Domestic Airline Operators) Award 1984
- MEWU (Ansett) Award 1989
- Transport Workers (Airlines) Award 1988
- Aircraft Industry (Domestic Airlines) Award 1980


For PILN, these awards have notice period provisions as follows:

1-4 years service	4 weeks notice
5-9 years service	8 weeks notice
10+ years service	12 weeks notice


This differs to the Ansett Australia Collective Bargaining Agreement 1999 ("EBA IV") in which notice is 4 weeks and the Workplace Relations Act which requires 5 weeks notice be given to those over 45 years who have 5 or more years of service. The claim submitted to SEESA represents the difference in entitlements between the two instruments.

Payment from SEESA was received by the Deed Administration on 30 July 2004.

Payment to the 1,886 "other award" employees to whom increased PILN was due, was made on Wednesday, 4 August 2004.



MARK KORDA
Joint Deed Administrator



MARK MENTHA
Joint Deed Administrator



KordaMentha

2 September 2011

Media Release

Ansett administration makes final landing with 96 cents in the \$ for employees

KordaMentha today announced a final payment for former employees of Ansett, bringing an end to the airline's administration.

The former employees of the Ansett Group received another \$5.3 million this week. This brought the average payment to 96 cents in the dollar of their entitlements.

Employees have shared \$727.5 million in 14 separate dividends as the administrators realised the assets of the Ansett Group over the past 10 years.

The administration was the biggest in Australian corporate history and one of the most complex.

Mark Korda said today: "The Ansett collapse produced enormous pain and hardship to thousands of Australian families. This final chapter does not ease the pain, but it helps bring closure."

Mr Korda said the financial outcome for former employees was much better than many predicted. "At the time, there were people who were tipping a return of 40 to 50 per cent and happily they have been proved wrong," he said.

Mr Korda said today's outcome was made possible because the administrators were able to avoid a fire sale of assets at a time when the global aviation industry was at one of its lowest ebbs in the immediate aftermath of the September 11 terrorist attacks.

"The strategy for a more orderly approach gained important support from employees, the Federal Government, the ACTU and many other parties," Mr Korda said.

The Ansett Group was Australia's second biggest airline, carrying more than 14 million passengers a year, when it was placed into administration on 12 September 2001. It had more than 15,000 employees, a turnover of more than \$3 billion a year, a fleet of 133 aircraft and more than 350 premises. It had no money and costs of \$200 million a month.

Corporate Recovery Services
Turnaround & Restructuring Services
Real Estate Advisory
Forensics

info@kordamentha.com
www.kordamentha.com

Liability limited by a scheme
approved under Professional
Standards Legislation

Melbourne

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Melbourne
New Zealand
Perth
Singapore
Sydney
Townsville

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Dallas
Detroit
Düsseldorf
London
Los Angeles
Milan
Munich
New York
Paris
San Francisco
Shanghai
Tokyo
Washington, DC

Mr Korda said major milestones of the administration were:

- Payment of \$150 million from parent company Air New Zealand in the early days of the administration to help keep planes in the air, thus preserving the value of many of the assets
- Negotiating an Australian Government guarantee for Ansett tickets in the early weeks of the administration
- Negotiating a Federal Government scheme (SEESA - Special Employee Entitlements Scheme for Ansett) under which some employee entitlements could be advanced. The scheme advanced \$382.4 million to Ansett and by yesterday \$363 million had been reimbursed.
- An orderly and patient assets sale program under which millions of assets – ranging from nuts and bolts to Boeing 767s and airport terminals – were sold. The final asset sold was the spare parts business this year.

One of the most satisfying outcomes, aside from the dividends, was the sale of several Ansett businesses as going concerns, which saved the jobs of many employees. These businesses included Skywest Airlines, Rex Airlines, the Ansett simulator business, Ansett Spares and Service, Ansett Engineering and the Ansett jet engines business. Unfortunately, a sale of the mainline airline to any syndicate did not eventuate.

The administration was now effectively finished.

Note: Mark Korda and Mark Mentha were appointed Administrators of the Ansett Group on 17 September 2001, five days after the initial appointment of administrators. At the time of their appointment, Korda and Mentha were partners at Arthur Andersen. On 15 April 2002, Korda and Mentha left Andersen and started KordaMentha, now a leading Australian restructuring and insolvency practice with more than 380 employees.

Media enquiries : Michael Smith 0411 055 306