

**IN THE FEDERAL COURT OF AUSTRALIA
DISTRICT REGISTRY**

No. V621 of 2005

**IN THE MATTER OF ANSETT AUSTRALIA LIMITED
(ACN 004 209 410) & ORS (in accordance with the
Schedule attached) (All Subject to a Deed of
Company Arrangement)**


and

**MARK ANTHONY KORDA and MARK FRANCIS
XAVIER MENTHA (as Deed Administrators of the
Companies)**

CERTIFICATE IDENTIFYING EXHIBIT

This is the exhibit marked "**MAK-29**" produced and shown to **MARK ANTHONY KORDA** at the time of swearing his affidavit dated 12 September 2005.

Before me:



ALEXANDER WILLIAM KING
ARNOLD BLOCH LEIBLER
LEVEL 21, 333 COLLINS STREET
MELBOURNE 3000
A NATURAL PERSON WHO IS A CURRENT
PRACTITIONER WITHIN THE MEANING OF
THE LEGAL PRACTICE ACT 1996

**Exhibit "MAK-29"
Affidavit of the Hazelton Group Administrator
sworn 22 October 2001 (excluding exhibits)**

1MAK-2a

**IN THE FEDERAL COURT OF AUSTRALIA
VICTORIAN DISTRICT REGISTRY**

NO. 3051 of 2001

**IN THE MATTER of HAZELTON AIR CHARTER PTY LIMITED (A.C.N. 065 221 356),
HAZELTON AIR SERVICES PTY LIMITED (A.C.N. 000 242 928) and HAZELTON
AIRLINES LIMITED (A.C.N. 061 965 642) (All Administrator Appointed)**

AND

**MICHAEL JAMES HUMPHRIS in his capacity as administrator of HAZELTON AIR
CHARTER PTY LIMITED (A.C.N. 065 221 356), HAZELTON AIR SERVICES PTY
LIMITED (A.C.N. 000 242 928) AND HAZELTON AIRLINES LIMITED (A.C.N. 061
965 642) (All Administrator Appointed)**

Plaintiff

AND

**MARK FRANCIS XAVIER MENTHA and MARK ANTHONY KORDA in their
capacities as administrators of the companies listed in the Schedule attached (All
Administrators Appointed)**

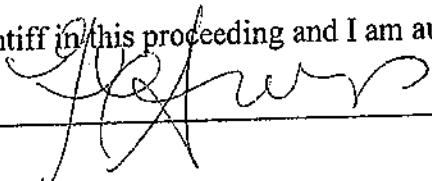
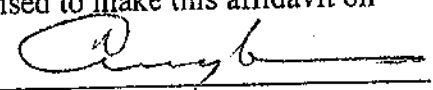
Defendants

AFFIDAVIT

DEPONENT: Michael James Humphris
DATE SWORN: 22 October 2001
WHERE SWORN: Melbourne

I, **MICHAEL JAMES HUMPHRIS** of Level 15, 461 Bourke Street, Melbourne in the State of
Victoria, Accountant, **MAKE OATH AND SAY** as follows:

1. I am the Plaintiff in this proceeding and I am authorised to make this affidavit on

Filed on behalf of:  
The Plaintiff

HOLDING REDLICH
Lawyers & Consultants
350 William Street
Melbourne Vic 3000

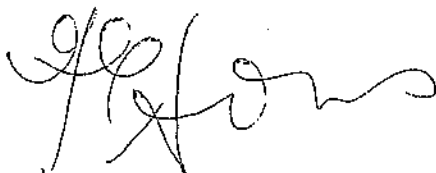
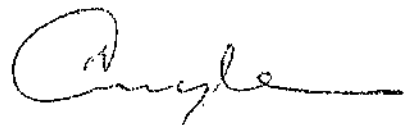
DX: 422 Melbourne
Tel: (03) 9321 9999
Fax: (03) 9321 9900
Ref: DBA:21 22 0086

behalf of Hazelton Air Charter Pty Limited, Hazelton Air Services Pty Limited and Hazelton Airlines Limited (All Administrator Appointed) (collectively the "Hazelton Group"), which I do from my own knowledge unless otherwise stated.

2. I make this affidavit in support of an application for the court to determine the manner of apportionment of the amount of \$150 million paid to the Ansett Administrators pursuant to the Agreement entitled Memorandum of Understanding between the Ansett Group, the Air New Zealand Group, the Hazelton Group and others ("the MoU"). I make this application as a consequence of the failure of my negotiations with the defendants in their capacities as administrators of the companies in the Ansett Group, pursuant to which it was agreed we (the Ansett Administrators and me) would determine the manner of apportionment of the amount of \$150 million to be paid to them pursuant to the MoU, failing which the matter was to be brought before this Honourable Court for determination.

3. **This Application**

Whilst I am willing to mediate with the Ansett Administrators regarding the manner of apportionment of that sum in accordance (in broad terms) with clause 2 of the MoU, the issue is extremely urgent. I am under considerable pressure from creditors of the Hazelton Group to procure for the benefit of the Hazelton Group a portion of the amount of \$150 million paid to the Ansett Administrators pursuant to the MoU. In particular, the representatives of the lessors of aircraft to the Hazelton Group have told me about their concerns that further delay in resolving this issue may mean that the interests of creditors of the Hazelton Group (including their interests) may well be prejudiced if the matter is not resolved speedily. Elsewhere in this affidavit I refer to other factors which I consider necessitate an urgent determination of the manner of

apportionment. As a consequence it is in the best interests of creditors to issue this application to expedite the obtaining of a direction from this Honourable Court regarding the apportionment to be made between the Ansett Group and the Hazelton Group. The direction of the Court will be required in any event as any such resolution will affect the interests of creditors of both the Ansett Group and the Hazelton Group.

4. To date, the Ansett Administrators and I have failed to agree on the manner of apportionment of the sum of \$150 million and failing that agreement the Ansett Administrators and I have agreed to bring that matter before this Honourable Court for its determination.
5. On 12 October 2001 The Honourable Justice Goldberg, in giving his judgment in applications brought by Messrs Mentha and Korda in their capacities as administrators of the Ansett Group (Proceeding N° 3045 of 2001) and by me (Proceeding N° 3046 of 2001) (collectively, "the MoU Proceedings") made orders in virtually identical form, to the effect that:
 - (a) the court approved the MoU (which is schedule B to the judgment) in relation to the MoU Proceedings; and
 - (b) the Ansett Administrators and I may perform and give effect to the MoU.
6. In paragraph 36 of his judgment, The Honourable Justice Goldberg stated:

"The memorandum of understanding does not deal with the apportionment of the \$150m between the various companies in the Ansett group including the Hazelton companies. The administrators and the Hazelton administrator have agreed that the determination of the manner of that apportionment will be



made jointly by the administrators and the Hazelton administrator and will take account of the interests of the creditors in the Hazelton companies who are not creditors of other companies in the Ansett group. The administrators and the Hazelton administrator have agreed that if they cannot resolve the issue of apportionment, they will seek to have it determined by the court".

7. In making that statement, Goldberg J. incorporated into the judgment a statement made jointly on behalf of the Ansett Administrators and me by Mr Whelan, QC. when this proceeding initially came before the court on 5 October 2001. Now produced and shown to me and marked "MJH-1" is a true copy of that statement.

8. **The Creation of the \$150 million Fund**

In my affidavit sworn on 8 October 2001 in proceeding N^o V3046 of 2001 ("my first affidavit") I referred to:

- (a) my execution of the MoU on 5 October 2001 (paragraph 3);
- (b) meetings of the Committees of Creditors of both the Ansett group and the Hazelton group on 3 October 2001 at which a motion was passed by a majority not to oppose the Ansett Administrators and me entering into the MoU (paragraph 5);
- (c) the work done by my staff and me to date of swearing my first affidavit in relation to the Hazelton group (paragraph 6);
- (d) the fact that the businesses and operations of the Hazelton Group were closely connected with those of Ansett, requiring me to liaise with the Ansett Administrators regarding aspects of the continuation of the Hazelton Group's

businesses and operations (paragraph 7(b));

- (e) my consideration of the benefit to the Hazelton Group from the waiver by the Air New Zealand Group of its claim for repayment of advances made to the Ansett Administrators, and from which Hazelton employees benefited (paragraph 8);
- (f) the lack of any opportunity to consider, on behalf of the Hazelton Group, the strength or weakness of a claim based upon the letter of comfort referred to in clause 12 of the MoU (paragraph 9); and
- (g) my reliance on the opinion of the Ansett Administrators that they considered it was in the interests of the entire administration of all companies within the Ansett group, including the Hazelton companies, to enter into the MoU (paragraph 10).

9. In my affidavit sworn on 9 October 2001 in Proceeding N° V3046 of 2001 ("my second affidavit") I refer to:

- (a) the financial position of the Hazelton Group, dealing in particular with the major assets of the Hazelton Group available to me on my appointment (paragraph 3 of my second affidavit);
- (b) major liabilities of the Hazelton Group (paragraph 4 of my second affidavit);
and
- (c) the total unsecured liabilities of the Hazelton Group, after allowing a fair value

for the leased aircraft assets, of approximately \$100 million (paragraph 5 of my second affidavit).

10. In Mr Mentha's affidavit sworn on 8 October 2001 in Proceeding N° V3045 of 2001 he refers, at paragraphs 108 and 109, to the circumstances in which I executed the MoU. In paragraph 108 Mr Mentha also confirmed that the manner of apportionment was to be resolved between the administrators and, failing agreement, it may be determined by the court.

11. Negotiations to Apportion the \$150 million Fund

On 9 October 2001, following a brief hearing in Proceeding N° V3045 of 2001, I met with the Ansett Administrators and put to them a proposal as to the apportionment of the amount of \$150 million which would be paid by the New Zealand Government following the Court's approval of the MoU. I stated that I believed the most equitable apportionment of that sum was in proportion to the respective unsecured liabilities of each of the Ansett Group and the Hazelton Group, as detailed in the respective affidavits of Mr Mentha and me. In my second affidavit I had stated I estimated the total unsecured liabilities of the Hazelton Group, after allowing a fair value for the leased aircraft assets, was approximately \$100 million. In Mr Mentha's affidavit in proceeding N° V3045 of 2001 sworn on 8 October 2001, he stated in paragraph 24 that he and Mr Korda believed the total unsecured liabilities of the Ansett Group, after allowing a fair value for the leased value assets, to be approximately \$2 billion. My proposal to the Ansett Administrators was that as the Hazelton Group's estimated unsecured liabilities are 5% of those of the Ansett Group, an equitable apportionment of the amount of \$150 million would be for the Hazelton Group to receive 5%, ie.

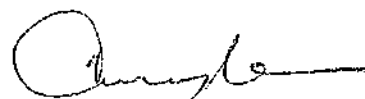
\$7.5 million.

12. At the meeting, Messrs Mentha and Korda told me they would consider my proposal and respond in due course.
13. As a consequence of my concerns about the effect of any undue delay on their part in providing a response, on 10 October 2001 I wrote to the Ansett Administrators confirming the proposal put to them the previous day and seeking their response "as a matter of urgency". Now produced and shown to me and marked "MJH - 2" is a copy of that letter.
14. On 11 October 2001, in the absence of a response to my letter of 10 October 2001, I wrote again to the Ansett Administrators noting my disappointment at their failure to respond to my letter and requesting an undertaking that they would not disburse or deal with the sum of \$150 million pending an agreement between us or a court order. Now produced and shown to me and marked "MJH-3" is a copy of that letter.
15. By 2.00pm on 12 October 2001 I had still received no response to my letters of 10 October and 11 October 2001. Therefore I sent a further letter to the Ansett Administrators advising them that I had instructed my solicitors to raise the matter before The Honourable Justice Goldberg that afternoon when he handed down his decision in the MoU Proceedings. Now produced and shown to me and marked "MJH 4" is a true copy of that letter.
16. On 12 October 2001, I had received no undertaking in respect of the sum of \$150



million or its retention by the Ansett Administrators. My counsel raised this matter in Court that day.

17. On 15 October 2001 I received a number of emails from the solicitor for the Ansett Administrators, Mr Leon Zwier of Arnold Bloch Leibler. Now produced and shown to me and marked "MJH-5" are copies of those emails. Although one of them is dated 11 October 2001, I did not receive it that day. In any event Mr Zwier's emails did not respond in substance to the proposal set out in my letter of 10 October 2001.
18. On 15 October 2001 I wrote to the Ansett Administrators, stating that:
- (a) they were obliged to act in good faith in our attempts to agree upon the apportionment of the \$150 million;
 - (b) they were obliged to act in good faith as to the retention of that sum pending agreement or court direction; and
 - (c) they were obliged to take no steps to prevent me exercising my rights as administrator of the Hazelton Group in respect of that sum (paragraph 6).
19. I also observed that the sum of \$150 million they would receive that day would be received by them in part because of the proprietary rights, claims and interests given up by the Hazelton Group pursuant to the MoU and the steps I had taken in entering into and agreeing to perform the MoU. I stated that as a consequence the Hazelton Group and the Ansett Group together had a beneficial interest in the sum of \$150 million and any interest accrued on that sum (paragraph 3). Now produced and shown



to me and marked "MJH - 6" is a copy of that letter.

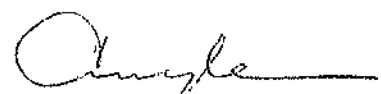
20. On 17 October 2001 I received a letter from Mr Zwier in reply. Now produced and shown to me and marked "MJH- 7" is a copy of that letter(omitting the annexures to it which comprise other exhibits to this affidavit). In that letter Mr Zwier, on behalf of the Ansett Administrators:

- (a) repeated that his clients considered *"it was inappropriate to commence negotiations regarding the \$150 million prior to it becoming payable.... and that an arbitrary division of the \$150 million based on preliminary estimates of liability may be inequitable and improper"*;
- (b) stated they had received \$150 million that day.
- (c) stated that *"... the demand to limit the Ansett Administrators' rights to use the \$150 million would, if acceded to would cause irreparable harm to the Ansett Administration"* (paragraph 6);
- (d) stated that up to \$35 million would be applied by the Ansett Administrators in payment of employee entitlements (paragraph 10);
- (e) stated that costs should not be "wasted" by asking the court to determine the appropriate apportionment;
- (f) stated that a further meeting would not take place until my solicitor, Mr Andrews of Holding Redlich, provided a "detailed response" to that letter,

including a "full submission setting out the basis upon which the Hazelton companies make their claims by specific reference to the Letter of Comfort".

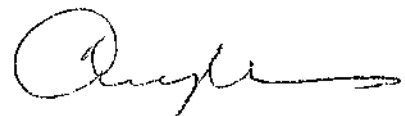
21. In the morning of 17 October 2001 I telephoned Mr Mentha's mobile phone, which was answered by Mr Zwier. I requested a meeting with Mr Mentha which Mr Zwier arranged at Mr Mentha's office at 4.00pm on that day. When I arrived Mr Zwier was also in attendance. The meeting took place on a "without prejudice" basis. Further discussions took place between us. I requested that Mr Mentha telephone me the following day with a response to my proposals. Mr Mentha agreed to do so. However, Mr Mentha has not in fact telephoned me as he agreed to do on 17 October 2001.
22. On 18 October 2001 Mr Zwier wrote to Mr Andrews in an open letter, a copy of which is now produced and shown to me and marked "MJH - 8". On reading that letter, I did not consider the offer contained in it to be in any way "commercial" or realistic having regard to the rights foregone by the Hazelton Group in entering into the MoU and the statement made to the Court on 5 October 2001, as set out in Exhibit "MJH - 1". I instructed Mr Andrews to write a further letter to Mr Zwier, a copy of which is now produced and shown to me and marked "MJH - 9". In that letter, Mr Andrews noted that the offer by the Ansett Administrators was rejected and that he had instructions to issue an application to have the issue of apportionment between the various companies in administration determined by the Court.
23. The Urgency of Determining the Manner of Apportionment.

Since the Ansett Administrators received the sum of \$150 million, it appears they

have entered into arrangements with the Federal Government regarding the payment to Ansett employees of their entitlements pursuant to the Special Employee Entitlement Scheme for Ansett ("**the Scheme**") established by the Federal Government for that purpose. On 17 October 2001 Mr Zwierny, on behalf of the Ansett Administrators, wrote to Mr David Crawford, adviser to the Federal Government, seeking "... to establish a process for the immediate preparation of a formal agreement giving effect to the recent arrangements made between the Federal Government and the Ansett administrators concerning the payment of part of the employee entitlements soon to be crystallised". Now produced and shown to me and marked "**MJH - 10 - confidential**" is a copy of that letter and the attached draft discussion paper sent to the Federal Government on 12 October 2001, the date on which the Honourable Court made its orders in the MoU Proceeding.

24. The penultimate paragraph of that letter states: "*It is important to finalise the legal documentation so that the Ansett administrators can resolve disputes with the Hazelton administrator and demonstrate that the Federal Government is in a position to make the payments of the employee entitlements soon to be crystallised.*". The only dispute between the Ansett Administrators and me is the subject matter of this application. The statement in Exhibit "MJH -10" concerns me that, yet again, I will be excluded from negotiations with the Federal Government in relation to the entitlements of Hazelton's employees to the proceeds of the Scheme. The Ansett Administrators may well make commitments in relation to the remainder or a significant portion of the remainder of the sum of \$150 million without my knowledge or involvement.

25. The apportionment of the sum of \$150 million should take account of the interests of those creditors of the Hazelton Group who are not creditors of other companies in the Ansett Group. Those creditors include, but are not limited to:

- (a) Employees;
- (b) Aircraft lessors (for example the Commonwealth Bank of Australia and Macquarie Bank Limited, which lease aircraft to the Hazelton Group, are not creditors of the Ansett Group);
- (c) Lessors of premises rented by the Hazelton Group;
- (d) Regional New South Wales councils owed fees by the Hazelton Group for various services; and
- (e) the lessors of various items of equipment, software and hardware to the Hazelton Group.

I am in the process of preparing a more detailed listing of these creditors and the amounts they are owed.

26. **Factors affecting interests of Hazelton in the \$150 million Fund**

Claims under the Letter of Comfort

The letter of comfort dated 8 August 2001 given by Air New Zealand Limited to the Ansett Group ("Letter of Comfort") is addressed to the directors of:

- (a) Ansett Holdings Ltd
- (b) Ansett International Ltd
- (c) Ansett Australia Ltd



("the Companies").

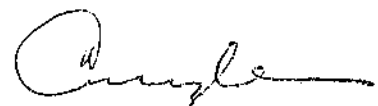
I believe that it is arguable that the companies in the Hazelton Group are (or were prior to execution of the MoU) potential beneficiaries of the Letter of Comfort. The Letter of Comfort states that as at the date it was written, it was Air New Zealand's "*.... current policy to take such steps from time to time as are necessary ensure that its wholly owned subsidiaries (including the Companies) are able to meet their debts as they fall due*". As at 8 August 2001 each of the companies in the Hazelton Group was a wholly owned subsidiary of the Ansett Group and therefore of Air New Zealand Limited. Now produced and shown to me and marked "MJH - 11" is a copy of the Letter of Comfort. Like the Ansett Administrators, I have not had the opportunity to investigate the circumstances surrounding the execution of the Letter of Comfort and the subsequent steps taken by those in control of Hazelton's affairs as a result of it.

27. On 30 April 2001, the Hazelton companies became subsidiaries of the Ansett Group on the completion by the Ansett Group of its on-market takeover of the Hazelton Group. At that time, the Ansett Group was a wholly owned subsidiary of Air New Zealand. The Letter of Comfort post-dated the date on which the companies in the Hazelton Group became wholly owned subsidiaries of the Ansett Group. Counsel for the Hazelton Group did not make any statement regarding the "remoteness" of claims by the Hazelton Group against the Air New Zealand and Ansett directors. Now produced and shown to me and marked "MJH - 12" are pages 27-30 inclusive of the transcript of the hearing on 11 October 2001 which contain the statement made by counsel for the Hazelton Group during the hearing before The Honourable Justice Goldberg in the MoU Proceeding. Counsel for the Hazelton Group simply referred to the fact that any potential claims arose only from the date of the takeover of the

Hazelton Group by the Ansett Group. The solicitors for the Ansett Administrators appear to have misunderstood the rights given up by the Hazelton Group under the MoU. I refer to Exhibit "MJH 8" in that regard.

28. I have not and indeed did not have an opportunity to instruct my legal advisers to undertake a detailed examination of the strength or weakness of possible claims against Air New Zealand arising out of the Letter of Comfort. I believe that under Australian law letters of comfort are not necessarily treated as being contractual in nature. It is quite feasible that a claim could have been made by the Hazelton Group against Air New Zealand Limited arising out of reliance or steps taken as a consequence of the Letter of Comfort (claims from which I have now released Air New Zealand and its directors). To be able to determine the merits of such a claim, the provision of a considerable amount of additional information is required, including but not limited to such factors as:

- (a) an understanding of the circumstances under which the Letter of Comfort was prepared;
- (b) to know whether the directors of the Hazelton Group were privy to its contents;
- (c) to ascertain where the negotiations for the Letter of Comfort took place;
- (d) to identify the individuals within the Hazelton Group (if any) who received the Letter of Comfort, whether they acted on it and details of how they did so;
- (e) to ascertain whether the Hazelton Group was the recipient of funds advanced in accordance with the terms of the Letter of Comfort; and



- (f) to ascertain whether any requests by the Hazelton Group for funds to be advanced pursuant to the Letter of Comfort were refused.

29. An assessment of any potential claims by the Hazelton Group and the Ansett Group against Air New Zealand pursuant to the Letter of Comfort is extremely difficult.

30. Claims against Directors

It is also difficult to assess the strength of potential claims which I could have brought against directors of the Air New Zealand Group and the Ansett Group, given the limited period of time for which some of those people were also directors of companies in the Hazelton Group. The following persons are named in Schedule C of the MoU as directors or secretaries of the Hazelton Group of companies listed below and therefore have been released by me from any claims which could be made against them relating to the management or affairs of the Hazelton Group, any claims arising at common law and any transactions or dealings between any of the companies, including dealings between companies in the Hazelton Group and the Ansett Group (clause 13 of the MoU):

	Director	Company	Term of directorship
1	John Harvey Blair	Hazelton Airlines Ltd Hazelton Air Charter Pty Ltd Hazelton Air Services Pty Ltd	30/03/01 – 08/09/01 10/04/01 – 08/09/01 10/04/01 – 08/09/01
2	George Frazis	Hazelton Airlines Ltd Hazelton Air Charter Pty Ltd Hazelton Air Services Pty Ltd	01/05/01 – 08/09/01 24/08/01 – 08/09/01 24/08/01 – 08/09/01
3	Scott David Roworth	Hazelton Airlines Ltd Hazelton Air Charter Pty Ltd Hazelton Air Services Pty Ltd	30/03/01 – 07/09/01 30/03/01 – 07/09/01 30/03/01 – 07/09/01
4	Gary Kenneth Toomey	Hazelton Airlines Ltd Hazelton Air Charter Pty Ltd Hazelton Air Services Pty Ltd	10/04/01 – 24/08/01 10/04/01 – 24/08/01 10/04/01 – 24/08/01
5	Peter James Crogan	Hazelton Airlines Ltd	26/10/00 – 30/03/01




		Hazelton Air Charter Pty Ltd	26/10/00 – 30/03/01
		Hazelton Air Services Pty Ltd	26/10/00 – 30/03/01
6	Norman William Fricker	Hazelton Airlines Ltd	28/11/97 – 30/03/01
		Hazelton Air Charter Pty Ltd	28/11/97 – 30/03/01
		Hazelton Air Services Pty Ltd	28/11/97 – 30/03/01
7	Desmond Livingstone Nicholl	Hazelton Airlines Ltd	29/03/96 – 30/03/01
		Hazelton Air Charter Pty Ltd	29/03/96 – 30/03/01
		Hazelton Air Services Pty Ltd	29/03/96 – 30/03/01
8	Stanley James Quinlivan	Hazelton Airlines Ltd	05/09/96 – 30/03/01
		Hazelton Air Charter Pty Ltd	05/09/96 – 30/03/01
		Hazelton Air Services Pty Ltd	05/09/96 – 30/03/01
9	Bradford Frederick McInnes Stuart	Hazelton Airlines Ltd	26/11/93 – 16/05/01
		Hazelton Air Services Pty Ltd	26/11/93 – 16/05/01
		Hazelton Air Charter Pty Ltd	22/06/94 – 16/05/01

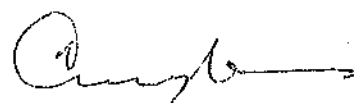
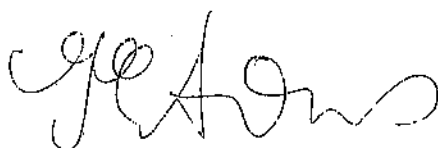
31. Messrs Blair, Frazis, Roworth and Toomey became directors of companies in the Hazelton Group no earlier than 30 March 2001. Each of them was also a director of various other companies within the Air New Zealand Group and the Ansett Group. The remaining directors of companies in the Hazelton Group had been directors for several years and well prior to takeover by the Ansett Group but resigned at or about the time of the takeover.
32. The Ansett Group's purchase of the Hazelton Group was finally achieved following a share bidding war for the Hazelton Group with Qantas. At the time the takeover by the Ansett Group concluded, the Hazelton Group presumably was solvent. Within a period of less than 6 months, the Hazelton Group has gone into administration. It is possible that successful claims could have been mounted against Air New Zealand directors who were also directors of companies in the Hazelton Group for failing to protect adequately the interests of Hazelton's creditors and/or for preferring Ansett creditors over Hazelton creditors. To assess the likely strengths of such claims would have required me to undertake a very detailed examination of the books and records of

the Ansett Group and board minutes for Air New Zealand, the Ansett Group and the Hazelton Group for the period from 30 April 2001 to 12 September 2001. Prior to executing the MoU I did not have the time, resources or opportunity to do so.

33. Conclusion

As each day of my administration of the Hazelton Group passes, it becomes more clear that the interests of the Hazelton Group differ from and will continue to diverge from those of the Ansett Group. Each days press reports contain speculation about possible purchasers of assets of the Ansett Group. On the other hand, the process upon which I have embarked for the sale of the Hazelton Group's assets is separate and distinct from that undertaken by the Ansett Administrators. Moreover, as a regional airline, in my opinion the prospects of a sale of a significant portion of the Hazelton Group's assets is much greater than an equivalent sale by the Ansett Administrators. Indeed, the Ansett Administrators have been at considerable pains to stress that any revived Ansett (eg. Ansett Mark II) will be a much leaner airline than that which existed prior to the appointment of administrators.

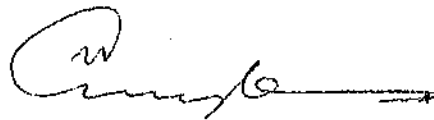
34. I consider the proposal I first put to the Ansett Administrators on 9 October 2001 to apportion the sum of \$150 million in proportion to the unsecured liabilities of the Hazelton Group and the Ansett Group is commercial, pragmatic, transparent, realistic and fair. In my experience over the course of several administrations since the commencement of Part 5.3A of the Corporations Law (as it then was), whilst the amounts of unsecured liabilities of a company (or a group of companies) can vary between classes of creditors, estimates of those amounts can prove reasonably accurate, within a range of $\pm 10\%$. In my opinion the fairest way of apportioning the



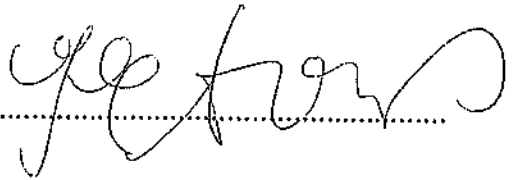
sum of \$150 million would be by means of a *pro-rata* apportionment calculated by reference to the unsecured liabilities of the Hazelton Group and the Ansett Group.

35. I respectfully request that this Honourable Court make orders in accordance with the orders sought in the application in support of which this affidavit is sworn.

SWORN by the said
MICHAEL JAMES HUMPHRIS
at Melbourne in the State of Victoria
on 22 October 2001

)
) 
)
)

Before me:.....



FLEUR ELIZABETH SUMMONS
350 William Street, Melbourne, Vic.
A natural person who is a current
practitioner within the meaning of
the Legal Practice Act 1996.

SCHEDULE

ANSETT AUSTRALIA LIMITED (ACN 004 209 410)
501 SWANSTON STREET PTY LTD (ACN 005 477 618)
AEROPELICAN AIR SERVICES PTY LTD (ACN 000 653 083)
AIRPORT TERMINALS PTY LTD (ACN 053 976 444)
ALDONG SERVICES PTY LIMITED (ACN 000 258 113)
ANSETT AIRCRAFT FINANCE LIMITED (ACN 008 643 276)
ANSETT AUSTRALIA HOLDINGS LIMITED (ACN 004 216 291)
ANSETT AVIATION EQUIPMENT PTY LTD (ACN 008 559 733)
ANSETT CARTS PTY LIMITED (ACN 055 181 215)
ANSETT EQUIPMENT FINANCE LIMITED (ACN 006 827 989)
ANSETT FINANCE LIMITED (ACN 006 555 166)
ANSETT HOLDINGS LIMITED (ACN 065 117 535)
ANSETT INTERNATIONAL LIMITED (ACN 060 622 460)
ANSETT AUSTRALIA AND AIR NEW ZEALAND ENGINEERING SERVICES LTD
(ACN 089 520 696)
BODAS PTY LTD (ACN 002 158 741)
BRAZSON PTY LIMITED (ACN 055 259 008)
EASTWEST AIRLINES (OPERATIONS) LTD (ACN 000 259 469)
EASTWEST AIRLINES LIMITED (ACN 000 063 972)
KENDALL AIRLINES (AUST) PTY LTD (ACN 000 579 680)
MORAEL PTY LTD (ACN 003 286 440)
NORTHERN AIRLINES LIMITED (ACN 009 607 069)
NORTHERN TERRITORY AERIAL WORK PTY LIMITED (ACN 009 611 321)
ROCK-IT-CARGO (AUST) PTY LTD (ACN 003 004 126)
SHOW GROUP PTY LTD (ACN 002 968 989)
SKYWEST AIRLINES PTY LTD (ACN 008 997 662)
SKYWEST AVIATION LIMITED (ACN 004 444 866)
SKYWEST HOLDINGS PTY LTD (ACN 008 905 646)
SKYWEST JET CHARTER PTY LTD (ACN 008 800 155)
SOUTH CENTRE MAINTENANCE PTY LTD (ACN 007 286 660)
SPACA PTY LTD (ACN 006 773 593)

TRAVELAND INTERNATIONAL (AUST) PTY LIMITED (ACN 000 275 936)

TRAVELAND INTERNATIONAL PTY LIMITED (ACN 002 275 936)

TRAVELAND NEW STAFF PTY LTD (ACN 080 739 037)

TRAVELAND PTY LIMITED (ACN 000 240 746)

WALGALI PTY LTD (ACN 055 258 921)

WESTINTECH LIMITED (ACN 009 084 039)

WESTINTECH NOMINEES PTY LTD (ACN 009 302 158)

WHITSUNDAY AFFAIRS PTY LTD (ACN 009 694 553)

WHITSUNDAY HARBOUR PTY LIMITED (ACN 010 375 470)

WRIDGWAY HOLDINGS LIMITED (ACN 004 449 085)

WRIDGWAYS (VIC) PTY LTD (ACN 004 153 413)

(All Administrators Appointed)