

IN THE MATTER OF:

ANSETT AUSTRALIA LTD
(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)

Plaintiffs

AFFIDAVIT

(Order 14, rule 2)

On 27 July 2006 I, **SEBASTIAN DAVID HAMS**, Chartered Accountant, of Level 24, 333 Collins Street, Melbourne in the State of Victoria **MAKE OATH AND SAY** that:

- 1 I am employed by KordaMentha, two partners of which (Mark Korda and Mark Mentha) are the Deed Administrators of the Ansett Group of Companies ("**Deed Administrators**"). I have assisted the Deed Administrators in the conduct of the administrations of the Ansett Group of companies and entities since October 2003. The focus of my involvement in the administrations has been the management of Ansett Group financial resources and financial reporting. I am authorised by the Deed Administrators to make this affidavit on their behalf.
- 2 I refer to the affidavits of Mark Korda sworn 21 June 2005 ("**First Korda Affidavit**"), 12 September 2005 ("**Second Korda Affidavit**"), 30 September 2005 ("**Third Korda Affidavit**"), 13 October 2005 ("**Fourth Korda Affidavit**") and 15 May 2006 ("**Fifth Korda Affidavit**"), to the affidavits of Alexander William King affirmed 23 September 2005 ("**First King Affidavit**"), 18 October 2005 ("**Second King Affidavit**") and 31 March 2006 ("**Third King Affidavit**") and to my affidavit sworn 24 May 2006, copies of which I have read.

Filed on behalf of the Plaintiffs

ARNOLD BLOCH LEIBLER
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Reference: AWK:01-1349951
(Alex King)

- 3 Except where I state otherwise, I make this affidavit from my own knowledge. Where I depose to matters from information or belief, I believe those matters to be true.

Notification Issue

- 4 I make this affidavit in support of this application, in which the Deed Administrators seek orders or directions pursuant to sections 447A and 447D of the Act and the inherent jurisdiction of the Court as to the course the Deed Administrators ought to follow in connection with the proposed pooling of the assets of the Ansett Group of companies and entities into one Ansett Group company (namely, Ansett Australia Limited (ACN 004 209 410) (subject to Deed of Company Arrangement) ("**AAL**"). In particular, I make this affidavit in connection with a proposal by the Deed Administrators to give to particular creditors particular forms of notice of proposed meetings of creditors of:

- (a) Ansett Australia Holdings Limited (subject to Deed of Company Arrangement) ("**AAHL**");
- (b) Ansett International Limited (subject to Deed of Company Arrangement) ("**AIL**");
- (c) Ansett Holdings Limited (subject to Deed of Company Arrangement) ("**AHL**");
- (d) Skywest Airlines Pty Ltd (formerly subject to Deed of Company Arrangement) ("**Skywest**"), which creditors may now have beneficiary claims against the Westsky Trust (as noted in paragraphs 173 to 196 of the Second Korda Affidavit) ("**Westsky Trust**");
- (e) ANST Show Pty Ltd (subject to Deed of Company Arrangement) ("**Show Group**"); and
- (f) Aeropelican Pty Ltd (formerly subject to Deed of Company Arrangement) ("**Aeropelican**"), which creditors may now have beneficiary claims against the Pelican Trust (as noted in paragraphs 173 to 196 of the Second Korda Affidavit) ("**Pelican Trust**");

at which meetings ("**Pooling Meetings**") those creditors will be asked to vote on "pooling" resolutions to effect the pooling of the relevant company's or trust's assets (if any) and creditor claims into AAL ("**Pooling Resolutions**"). At issue is, how to give notice of the Pooling Meetings in a way which ensures that any such creditors who may be disadvantaged by the Pooling Resolutions ("**Potentially Disadvantaged Creditors**")

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receive adequate notice of the meetings, but also in a way which avoids needless wastage of Ansett Group assets.

Existing regime for notification of Pooling Meetings

- 5 The AAHL, AIL, AHL and Show Group Deeds of Company Arrangement ("DOCAs") each provide as follows, at clause 18.4 ("DOCA Notification Regime"):

When the Deed Administrators have sold or otherwise realised sufficient assets so that they are able to make an accurate estimation of the amounts to be paid to Participating Creditors in accordance with the priority regime set out in Clause 18 and prior to the distribution of any money to Participating Creditors (other than Priority Creditors) in accordance with Clause 18.2.5, the Deed Administrators shall convene a meeting of creditors under Section 445F of the Act to consider:

18.4.1 any proposed variation to the Deed, including the incorporation in the Deed of provisions for releasing Claims of Deed Creditors less their Entitlements and the pooling of assets and liabilities; or

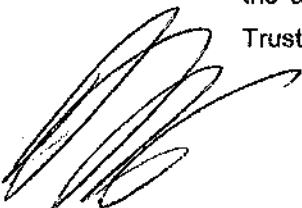
18.4.2 in the alternative, a resolution to terminate this Deed and wind up the Company.

For the purposes of such a meeting, the Deed Administrators shall advertise nationally and make available to the Deed Creditors on the Administrators' Website:

18.4.3 particulars of the proposed variations; and

18.4.4 such information which would be sent to Deed Creditors as if the meeting were a Second Meeting of Creditors under Section 439A of the Act.

- 6 The trust deeds governing the Westsky and Pelican Trusts do not include the DOCA Notification Regime. However, pursuant to those trust deeds, in particular clauses 6, 9 and 10, the Deed Administrators will convene Pooling Meetings of the creditors of Skywest and Aeropelican, which creditors are now potential beneficiaries of the Westsky and Pelican Trusts, respectively, so that those creditors/potential beneficiaries can vote on Pooling Resolutions in connection with the proposed pooling into AAL of the assets (if any) of the Trusts and creditor/potential beneficiary claims against the Trusts.




22 March 2006 reasons for judgment in this application ("Judgment") - notification issue

7 In this application the Deed Administrators initially sought, among other things, orders and directions in relation to the manner of notification to all Ansett Group creditors of the proposed pooling meetings, in particular allowing the Deed Administrators to give notice of the meetings to creditors in accordance with the DOCA Notification Regime.

8 In the Judgment the Court (Justice Goldberg) stated, in relation to the notification issue:

[136] Consistently with my earlier reasoning, I consider that any notice of the proposed pooling meetings should be given specifically to those creditors, whether priority or non-priority, who may be disadvantaged by the proposed resolutions. I do not consider that it is sufficient, in all the circumstances, for those creditors only to be given notice through the publication of newspaper advertisements or the placing of relevant documents on the Administrators' website.

Deed Administrators' oral submissions and notification order made 26 May 2006

9 There was a directions hearing in this proceeding on 26 May 2006. I was present at the directions hearing. At the directions hearing:

- (a) the Court ordered ("**Abbreviated Notification Order**"), based on affidavits filed and submissions made in this proceeding by the Deed Administrators, that:

Pursuant to s447A(1) of the Act, Part 5.3A of the Act is to operate in relation to each of the Ansett Group Companies [being 32 particular non-asset holding Ansett Group companies] as if s445F(2) of the Act provided that notice of each Ansett Pooling Meeting is to be given by posting on the websites www.ansett.com.au, www.kordamentha.com and www.abl.com.au, notice of those meetings and causing details of the said websites and meetings to be published in an national newspaper and in each jurisdiction in which the Ansett Group carries or carried on business in a daily newspaper that circulates generally in that jurisdiction, at least five days before the meetings.

- (b) the Deed Administrators, through their counsel, advised the Court to the effect that, having regard to paragraph 136 of the Judgment and to matters raised by other parties to this proceeding, the Deed Administrators proposed to give notice

to the Potentially Disadvantaged Creditors in one of two ways. First, in relation to creditors who, in the Deed Administrators' opinion, may stand to receive more than a negligible return (on a cents in the dollar basis) from the company of which they are creditors in the event that the company is not pooled into AAL, the Deed Administrators proposed to send to each of those creditors a s439A-style report. Second, in relation to creditors who, in the Deed Administrators' opinion, may stand to receive only a negligible return (on a cents in the dollar basis) from the company of which they are creditors in the event that the company is not pooled into AAL, the Deed Administrators proposed to send to each of those creditors a short note, giving notice of the relevant pooling meeting, setting out the Deed Administrators' opinions as to the likely returns (if any) to those creditors in both "pooling" and "no pooling" scenarios and otherwise referring those creditors to the websites stated in the Abbreviated Notification Order, at which the information described in clause 18.4 of the DOCAs would be available. Produced and shown to me marked "SDH 1" is a copy of pages 12, 13 and 17 to 20 of the transcript of the directions hearing on 26 May 2006, which pages contain the parties' oral submissions that day in relation to the notification issue.

Deed Administrators' opinions as to Ansett Group creditors who may be Potentially Disadvantaged Creditors

- 10 In the Deed Administrators' opinion, having regard to their investigations into the Ansett Group's affairs, including as described in the Affidavits filed in this proceeding by the Deed Administrators, the following priority and non-priority Ansett Group creditors may be Potentially Disadvantaged Creditors.

Company	Number of creditors
AAHL	2,668* (non-priority)
AIL	96 (non-priority)
AHL	245** (non-priority)
Show Group	684 (11 : priority; 673 : non-priority)
Pelican Trust	86 (7 : priority; 79 : non-priority)

- * 2,629 of the 2,668 AAHL Potentially Disadvantaged Creditors are persons whose primary claims are against AAL but who, in the Deed Administrators' opinion, are also entitled to claim against AAHL by operation of the deed of cross-guarantee described, and for the reasons noted, in paragraphs 73 to 85 of the Second Korda Affidavit.



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** 233 of the 245 AHL Potentially Disadvantaged Creditors are persons whose primary claims are against the Westsky Trust but who, in the Deed Administrators' opinion, are also entitled to claim against AHL by operation of the deed of cross-guarantee described, and for the reasons noted, in paragraphs 73 to 85 of the Second Korda Affidavit.

11 By reference to the above table, the Deed Administrators believe that there may be up to 3,779 Potentially Disadvantaged Creditors. In light of the Court's concerns about specific notification of Potentially Disadvantaged Creditors and having regard to the fact that the number of Potentially Disadvantaged Creditors is less than initially estimated by the Deed Administrators, the Deed Administrators now propose to send a Section 439A-style report to each of the Potentially Disadvantaged Creditors in respect of whom the Deed Administrators have adequate contact or address details.

12 In relation to the issue of adequate contact or address details, following recent investigations in relation to the notification issue, the Deed Administrators have determined that they do not have sufficient address or contact information for 190 Potentially Disadvantaged Creditors of AAHL to enable correspondence to be sent to those creditors without significant further and costly investigations. Combined, those 190 Potentially Disadvantaged Creditors have potential claims (based on the Ansett Group's books and records) of a total value of \$1.296 million, or \$6,821 on average, meaning the maximum potential aggregate return for all 190 potential claims (based on an estimated maximum rate of return of 0.47 c/\$) is \$6,091.20, or an average return of approximately \$32 per creditor. Further, to the best of the Deed Administrators' knowledge, none of those 190 Potentially Disadvantaged Creditors has lodged a proof of debt (formal or informal) in the administrations of the Ansett Group companies. Those Potentially Disadvantaged Creditors' claims arise only by reference to the books and records of the Ansett Group of companies. I am informed by former Ansett Group staff and believe that the relevant entries in the books and records of the Ansett Group were derived from the database which formed part of a now-defunct information and bookings system utilised by "Ansett Holidays" (a business division of AAL) called "Calypso". In the circumstances, the best notification of the proposed pooling meetings, pooling resolutions and potential disadvantages of pooling that the Deed Administrators may be able to give those 190 Potentially Disadvantaged Creditors is notification in accordance with the DOCA Notification Regime.



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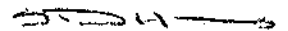
Deed Administrators' opinions as to Ansett Group creditors who will not be disadvantaged by pooling

13 In the Deed Administrators' opinion, having regard to their investigations into the Ansett Group's affairs, including as described in the Affidavits filed in this proceeding by the Deed Administrators, the following priority and non-priority Ansett Group creditors will not be disadvantaged by the pooling into AAL of the assets (if any) of, and creditor claims against, the companies/trust of which they are creditors/potential beneficiaries:

- (a) all creditors of the 32 non-asset holding Ansett Group companies in respect of which the Abbreviated Notification Order was made (see paragraph 9 of this affidavit);
- (b) all creditors of AAL (of whom there are about 40,659), in their capacity as creditors of AAL;
- (c) all creditors of Skywest, who are in turn potential beneficiaries of the Westsky Trust, in their capacity as such;
- (d) all creditors of ANST Lednek Airlines (Aust) Pty Ltd (subject to Deed of Company Arrangement) (formerly Kendall Airlines (Aust) Pty Ltd) ("Kendell") (of whom there are about 811); and;
- (e) those creditors of AAHL who are not Potentially Disadvantaged Creditors (of whom there are about 37,991).

14 In relation to the positions of the creditors described in paragraphs 13(b) to 13(e) above, in the Deed Administrators' opinion (here expressed in general terms):

- (a) all creditors of AAL: those creditors will not be disadvantaged by pooling because non-priority AAL creditors stand to receive no payments from AAL's administration in either "pooling" or "no pooling" scenarios and AAL priority creditors stand to benefit from pooling the Ansett Group companies and entities into AAL. The AAL priority creditor position is that, even though there is a prospect that the pooling of non-asset holding Ansett Group companies and entities into AAL will add additional priority creditors to AAL's liabilities, thereby (potentially) diluting the pool of assets available for payment to AAL priority creditors after pooling, the Deed Administrators are of the opinion that the costs savings (to AAL) which would result from pooling of the non-asset holding entities into AAL will more than compensate AAL priority creditors for any such "dilution" effect;

- (b) all creditors of Skywest, all creditors of Kendell, and all creditors of AAHL other than AAHL Potentially Disadvantaged Creditors: those creditors will not be disadvantaged by pooling because they stand to receive no payments from the Westsky Trust, Kendell's administration, or AAHL's administration, respectively, in either "pooling" or "no pooling" scenarios, after the Westsky Trust's, Kendell's and AAHL's likely shares of Estimated Separate Administrations Costs and Post-Administration Charge-backs (each as defined in the Fifth Korda Affidavit) are taken into account.

Abbreviated notification orders sought

15 Given the Deed Administrators' opinions as set out in this affidavit, the Deed Administrators seek:

- (a) an order in the form of the Abbreviated Notification Order in respect of notification of each of the creditors described in paragraph 13 above and in respect of the 190 Potentially Disadvantaged Creditors of AAHL described in paragraph 12 above; and

- (b) orders in the following form in respect of notification of the Skywest creditors:

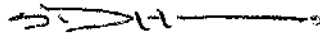
1. Pursuant to s447A(1) of the Act, s447D(1) of the Act is to operate in relation to Bodas Pty Ltd ("**Bodas**") so that in an application by the Deed Administrators of Bodas for directions pursuant to s447D(1) of the Act in relation to the giving of notice to creditors of the holding of a meeting of the creditors of Skywest Airlines Pty Ltd called pursuant to clause 6.1 of the Westsky Trust Deed ("**Westsky Pooling Meeting**"), the Court may give a direction that each of the Deed Administrators of Bodas may properly give notice of the said meeting by posting on the websites www.ansett.com.au, www.kordamentha.com and www.abl.com.au ("**Ansett Websites**") notice of that meeting and causing details of the said websites and meeting to be published in a national newspaper and in each jurisdiction in which the Ansett Group carries or carried on business in a daily newspaper that circulates generally in that jurisdiction, at least five days before the meeting.

2. Pursuant to s447D(1) of the Act, as it operates in accordance with order 1 [being the above proposed order], alternatively pursuant to ss22 and 23 of the Federal Court of Australia Act 1976, the Court directs that each of the Deed Administrators of Bodas may properly give notice of the Westsky Pooling Meeting

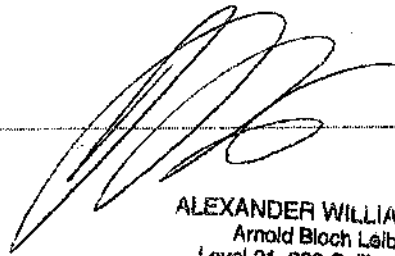



by posting on the Ansett Websites notice of that meeting and causing details of the said websites and meeting to be published in a national newspaper and in each jurisdiction in which the Ansett Group carries or carried on business in a daily newspaper that circulates generally in that jurisdiction, at least five days before the meeting.

SWORN at Melbourne in the State of Victoria)
on this 27th day of July 2006.)
)



Before me:



ALEXANDER WILLIAM KING
Arnold Bloch Leibler
Level 21, 333 Collins Street
Melbourne 3000
An Australian Legal Practitioner within the
meaning of the Legal Profession Act 2004

IN THE MATTER OF:

ANSETT AUSTRALIA LTD
(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
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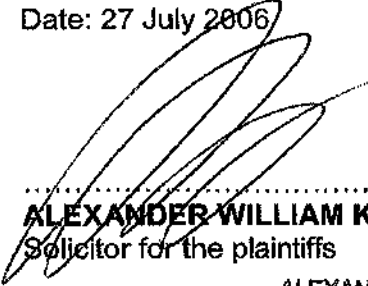
Plaintiffs

AFFIDAVIT - CERTIFICATE OF COMPLIANCE

(Order 14, rule 5A)

I, **ALEXANDER WILLIAM KING**, certify to the Court that the affidavit of **SEBASTIAN
DAVID HAMS** sworn on 27 July 2006 filed on behalf of the plaintiffs complies with
Order 14, rule 2 of the Federal Court Rules.

Date: 27 July 2006


.....
ALEXANDER WILLIAM KING
Solicitor for the plaintiffs

Version 2

ALEXANDER WILLIAM KING
Arnold Bloch Leibler
Level 21, 333 Collins Street
Melbourne 3000
An Australian Legal Practitioner within the
meaning of the Legal Profession Act 2004

Filed on behalf of the Plaintiffs

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(Alex King)