

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 13 October 2005 I, **MARK ANTHONY KORDA**, Chartered Accountant, of Level 24, 333 Collins Street, Melbourne in the state of Victoria **MAKE OATH AND SAY** that:

- 1 I refer to my affidavits sworn 21 June 2005 ("**First Affidavit**"), 12 September 2005 ("**Second Affidavit**") and 30 September 2005 ("**Third Affidavit**") and to the affidavit of Alexander William King affirmed 23 September 2005 ("**King Affidavit**"), a copy of which I have read. Words, phrases and acronyms defined in my Second Affidavit have the same meaning in this affidavit.
- 2 I make this further affidavit in support of this Application in which we seek orders or directions pursuant to sections 447A and 447D of the Act and the inherent jurisdiction of the Court as to the course we, as Deed Administrators, ought to follow in connection with the proposed pooling of the assets of the Ansett Group into one Ansett Group Company.
- 3 Except where I otherwise indicate, I make this affidavit from my own knowledge. Where I depose to matters from information or belief, I believe those matters to be true. I am authorised by Mentha to make this affidavit on



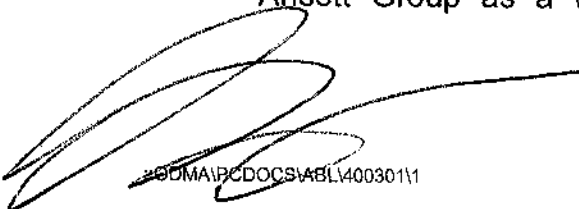
his behalf. References in this affidavit to "we", "us" "our" or "ourselves" are references to Mentha and me.

Requests for additional evidence and information in support of the Application

- 4 During the course of the directions hearing on 26 September 2005 his Honour Justice Goldberg made various suggestions and requests for further information in respect of the affidavits filed on behalf of the plaintiffs in support of the Application.
- 5 By letter dated 29 September 2005 the lawyers for WTH Pty Ltd ("**Contradictor**") sought additional information about issues raised by the Application and certain matters in my Second Affidavit ("**Deacons Request**"). Now produced and shown to me marked "**MAK-53**" is a copy of the Deacons Request.
- 6 Subsequently, the Contradictor, through its Counsel, Daryl Williams, requested that we attempt to identify which of the Asset Holding Entities are directly affected by each of the issues that I described in paragraph 19 of my Second Affidavit as reasons why we will recommend Pooling.
- 7 By letter dated 7 October 2005 to Arnold Bloch Leibler ("**ABL**"), lawyers for the plaintiffs, ASIC sought clarification of certain matters deposed to in my Third Affidavit ("**Second ASIC Request**"). Now produced and shown to me marked "**MAK-54**" is a copy of the Second ASIC Request.
- 8 In this affidavit I deal with each of the matters raised by his Honour Justice Goldberg at the 26 September 2005 directions hearing and the matters raised in the Deacons Request and the Second ASIC Request.

AAE Compromise - legal advice

- 9 Further to paragraphs 212 to 217 of my Second Affidavit, and paragraphs 8 to 16 of my Third Affidavit, in which I set out the reasons we believe that the compromises documented in the AAE Pooling Deed (exhibit "MAK-5" to my Second Affidavit) ("**AAE Compromise**") are in the best interests of the Ansett Group as a whole, I say that we received verbal advice, now



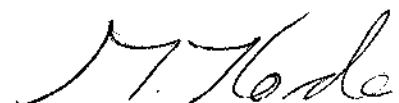
confirmed in writing, from ABL in relation to the AAE Compromise. I am informed by Mr King of ABL that a copy of the letter of advice from ABL to us in relation to the AAE Compromise will be exhibited to an affidavit to be filed and served later today on behalf of the plaintiffs.

Contact with creditors notified of the Application

- 10 I refer to paragraphs 10 to 12 of the King Affidavit, which set out the steps taken to 23 September 2005 to notify creditors of the Application.
- 11 I am informed by Sebastian Hams of KordaMentha that, in response to the letters referred to in paragraph 11 of the King Affidavit ("**Notification Letters**"), three creditors contacted KordaMentha about the Application. A summary of our communications with those creditors in relation to the Application is set out below, based on what I have been informed by Mr Hams.

Rockwell Collins Australia Pty Ltd

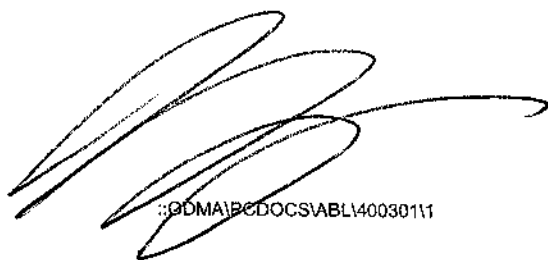
- 12 Mr Hams was contacted by Saba Khanth of Rockwell Collins by email dated 20 September 2005 ("**Rockwell Email**"), on receipt of which Mr Hams ascertained from our records that Rockwell Collins claims to be a non-Priority Deed Creditor or "Claimant" (as the case may be) of each of AAL, the Westsky Trust and Kendell. Now produced and shown to me marked "**MAK-55**" is a copy of the Rockwell Email.
- 13 After several unsuccessful attempts to contact Mr Khanth by telephone on 21 September 2005 and the morning of 26 September 2005, Mr Hams spoke to Mr Khanth in the afternoon of 26 September 2005. During that telephone discussion, on the basis that Rockwell Collins claims to be a non-Priority Deed Creditor or "Claimant" of AAL, the Westsky Trust and Kendell, Mr Hams informed Mr Khanth that:
- (a) in our opinion:
- (i) 31,296 third party non-Priority Deed Creditors of AAHL (including AAL's creditors by virtue of the operation of the Class




B Cross Guarantee) may be adversely affected by Pooling in the sum of approximately \$13.47 million, representing a maximum reduction in their likely distribution of 0.36 cents in the dollar;

- (ii) 239 third party non-Priority Deed Creditors (strictly speaking, "Claimants") of the Westsky Trust may be adversely affected by Pooling in the sum of approximately \$1.45 million, representing a maximum reduction in their likely distribution of 6.11 cents in the dollar,
 - (iii) 745 third party non-Priority Deed Creditors of Kendell may be adversely affected by pooling in the sum of approximately \$3.01 million, representing a maximum reduction in their likely distribution of 27.62 cents in the dollar;
- (b) a "contradictor" would appear at the hearing of the Application and, in that role, would be likely to argue against the proposed Pooling;
- (c) the Application was one for directions in relation to:
- (i) our voting at meetings of Ansett Deed Creditors to effect Pooling,
 - (ii) the giving effect to a compromise between Ansett Group companies and certain creditors of AAE; and
 - (iii) the notification of Deed Creditors of the proposed Pooling Meetings; and
- (d) all relevant information could be located on the Websites, referred to in the Notification Letter.

14 Mr Hams asked Mr Khanth whether he had read my Second Affidavit, which Mr Hams told Mr Khanth is posted on the Websites, to which Mr Khanth replied that he had not, and that he would read it and get back to Mr Hams if he had further queries or concerns.



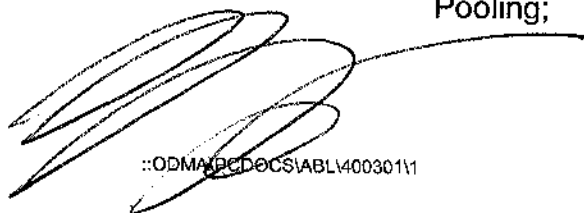
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- 15 Having not heard further from Mr Khanth, Mr Hams telephoned Mr Khanth again on 4 October 2005 to ask whether Mr Khanth had read my Second Affidavit and to ask if he had any further questions about the Application, during which conversation Mr Khanth advised Mr Hams that he did not have any further questions about the Application and would not be appearing at the hearing of the Application, but would await the outcome of the hearing.

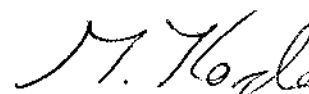
Skippers Aviation Pty Ltd

- 16 Mr Hams was contacted by Robert Swann of Skippers Aviation by email dated 22 September 2005 ("**Skippers Email**"), on receipt of which Mr Hams ascertained from our records that Skippers Aviation claims to be a Claimant of the Westsky Trust. Now produced and shown to me marked "**MAK-56**" is a copy of the Skippers Email.
- 17 After several unsuccessful attempts to contact Mr Swann by telephone on 23, 26 and 29 September 2005 and by email on 26 September 2005, Mr Hams spoke with Mr Swann on 4 October 2005. During that telephone discussion, on the basis that Skippers Aviation claims to be a Claimant of the Westsky Trust, Mr Hams informed Mr Swann that:
- (a) in our opinion 245 third party non-Priority Creditors (strictly speaking, "Claimants") of the Westsky Trust may be adversely affected by Pooling in the sum of approximately \$2.04 million, representing a maximum reduction in their likely distribution of 0.31cents in the dollar;
 - (b) my Third Affidavit, which was available on the websites, corrected an error in the estimate of the impact of Pooling on "Claimants" of the Westsky Trust given in my Second Affidavit;
 - (c) a "contradictor" would appear at the hearing of the Application, and in that role, would be likely to argue against the proposed Pooling;
 - (d) the Application was one for directions in relation to:
 - (i) our voting at meetings of Ansett Deed Creditors to effect Pooling;



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Handwritten signature of M. Hams, written in a cursive style.

- (ii) the giving effect to a compromise between Ansett Group companies and certain creditors of AAE; and
 - (iii) the notification of Deed Creditors of the proposed Pooling Meetings; and
- (e) all relevant information could be located on the Websites referred to in the Notification Letter.

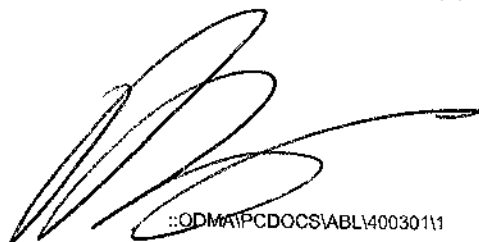
18 Mr Hams asked Mr Swann whether he had read my affidavits, to which Mr Swann replied that had read my Second Affidavit, but not my Third Affidavit. At the conclusion of the conversation Mr Swann told Mr Hams that he did not have any further questions about the Application and would not be appearing at the hearing of the Application, but would await the outcome of the hearing.

Hewlett Packard Australia

19 Mr Hams received a voicemail message from Jack Bol of Hewlett Packard Australia on 23 September 2005. Upon receipt of that message, Mr Hams ascertained from our records that Hewlett Packard Australia claims to be a non-Priority Creditor of AAL.

20 Mr Hams telephoned Mr Bol on 27 September 2005 and during that telephone discussion, on the basis that Hewlett Packard Australia claims to be a non-Priority Creditor of AAL, Mr Hams informed Mr Bol that:

- (a) in our opinion 31,296 third party non-Priority Creditors of AAHL (including AAL by virtue of the operation of the Class B Cross Guarantee) may be adversely affected by pooling in the sum of approximately \$13.47 million, representing a maximum reduction in their likely distribution of 0.36 cents in the dollar
- (b) a "contradictor" would appear at the hearing of the Application and, in that role, would be likely to argue against the proposed Pooling;
- (c) the Application was one for directions in relation to:



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- (i) our voting at meetings of Ansett Deed Creditors to effect Pooling;
 - (ii) the giving effect to a compromise between the Ansett Group companies and certain creditors of AAE; and
 - (iii) the notification of Deed Creditors of the proposed Pooling Meetings; and
- (d) all relevant information could be located on the Websites referred to in the Notification Letter.

21 Mr Hams asked Mr Bol whether he had read my Second Affidavit, which Mr Hams told Mr Bol is posted on the Websites, to which Mr Bol replied that he hadn't and that he would read it and get back to Mr Hams if he had any concerns or queries.

22 Having not heard further from Mr Bol, Mr Hams telephoned Mr Bol again on 5 October 2005, during which conversation Mr Bol advised Mr Hams that he had read my affidavits, that he did not have any further questions about the Application and would not be appearing at the hearing of the Application, but would await the outcome of the hearing.

Our contact with other stakeholders in the Application

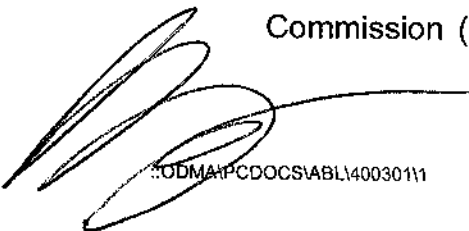
ACTU and Unions

23 On 23 September 2005, I met with ACTU and Union representatives to inform those representatives about the Application and the Pooling proposals and to answer their questions. Present at that meeting were Carmel Flynn and Mr Hams of KordaMentha, Richard Watts of the ACTU, Ben Swan of the Australian Workers' Union, Linton Duffy of the Transport Workers' Union, Lawrie Cox of the Australian Federation of Air Pilots and a representative of the Australian Services Union whose name is not known to me. Now produced and shown to me marked "**MAK-57**" and "**MAK-58**" are copies of the minutes of that meeting and the written presentation handed out at the meeting.

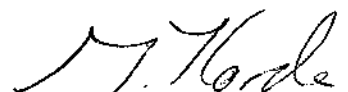
- 24 Following the meeting, Ms Flynn emailed Mr Watts to invite him, and/or another representative(s), to attend the directions hearing in this Application on 26 September 2005. Now produced and shown to me marked "**MAK-59**" is a copy of that email dated 23 September 2005.

Contact with other stakeholders

- 25 I am informed by Mr King of ABL that on 26 September 2005 he received an email from Ross McClure of the Australian Government Solicitor ("**AGS**"), representing the Commonwealth in this Application, seeking clarification of the assumption set out in paragraph 199 (j) of my Second Affidavit in support of the Distribution Tables, that *"All outstanding matters between the Ansett Group and the Commonwealth are assumed to be settled"*. Now produced and shown to me marked "**MAK-60**" is a copy of Mr McClure's email to Mr King.
- 26 I am informed by Mr King that he emailed Mr McClure on 28 September 2005 advising that he would respond as soon as possible to Mr McClure's 26 September email and that Mr McClure sent a further email in reply advising that Commonwealth sought the plaintiffs' response *"in sufficient time for the Commonwealth to be able to consider it, together with the other matters raised in Mr Korda's affidavit, and be able to file and serve any affidavit material within the timeframes set by the court, should it be decided that this is necessary."* Now produced and shown to me marked "**MAK-61**" and "**MAK-62**" are copies of Mr King's email of 28 September 2005 and Mr McClure's email on 28 September 2005.
- 27 On 28 September 2005 I received an email from Steven Parbery of Prentice Parbery Barilla, on behalf of the Commonwealth, seeking further information and clarification in relation to paragraph 205 of my Second Affidavit. Now produced and shown to me marked "**MAK-63**" is a copy of Mr Parbery's email to me.
- 28 I am informed by Mr King that on 29 September 2005 he caused a letter to be sent by email to Tim Luxton of the Australian Securities and Investments Commission ("**ASIC**"), Mr McClure of the AGS, Tony Troiani of Mallesons



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Stephen Jacques ("Mallesons") on behalf of National Australia Bank ("NAB"), Brendon Watkins of Minter Ellison ("Minters") on behalf of Commonwealth Bank of Australia ("CBA") and BNP Paribas ("BNP"), Stewart Peters of Deacons on behalf of the Contradictor and Richard Watts of the ACTU, with a copy to Annabelle Roxon, Associate to his Honour Justice Goldberg, advising among other things, that the plaintiffs' further affidavit material would not be filed and served that day. Now produced and shown to me marked "MAK-64" is a copy of that 29 September 2005 letter by email.

- 29 I am informed by Mr King that later on 29 September 2005 ABL received the Deacons Request (exhibit MAK-53).
- 30 I am informed by Mr King that upon receipt of the Deacons Request he emailed a copy of the Deacons Request to Mr Luxton of ASIC and also to Senior Counsel for ASIC, Michael Sifris SC, so as to ensure that ASIC was aware at the earliest opportunity of the matters raised by the Contradictor. Now produced and shown to me marked "MAK-65" is a copy of that 29 September email.
- 31 I am informed by Mr King that on 30 September 2005 a copy of my Third Affidavit was served by email on ASIC, the Commonwealth, NAB, CBA and BNP, the Contradictor and the ACTU, with a copy to the Court, and posted on the Websites. Now produced and shown to me marked "MAK-66" is a copy of the email to those parties attaching my Third Affidavit (not attached).
- 32 I am informed by Stephen Sharpley of Counsel as follows. On 3 October 2005 Counsel for the plaintiffs, Michelle Gordon SC and Mr Sharpley, conferred by telephone with Counsel for the Contradictor, Daryl Williams, to discuss the Deacons Request. During the telephone call, Counsel for the plaintiffs responded to the Deacons Request to the extent they then were able to and advised Mr Williams to the effect that I would file and serve a further affidavit responding to the matters raised in the Deacons Request. During the telephone call, Mr Williams asked that we attempt to identify those of the Asset Holding Entities directly affected by each of the issues

that I described in paragraph 19 of my Second Affidavit as reasons why we will recommend Pooling.

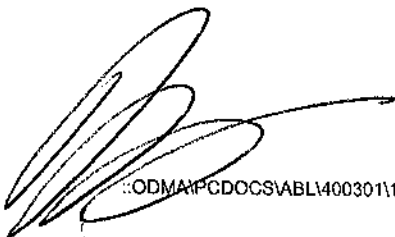
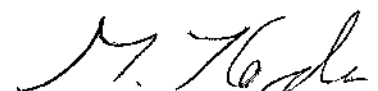
- 33 I am informed by Mr King that on 3 October 2005 ABL received a fax from Mr McClure of the AGS seeking a response to his emails of 26 and 28 September 2005. Now produced and shown to me marked "**MAK-67**" is a copy of that fax.
- 34 I am informed by Mr King that on 5 October 2005 ABL received a further fax from Mr McClure of the AGS seeking responses to Mr McClure's emails to Mr King of 26 and 28 September 2005, and also Mr Parbery's email to me of 28 September 2005. Now produced and shown to me marked "**MAK-68**" is a copy of that fax.
- 35 On 5 October 2005 I caused a letter to be sent to Mr Parbery, dealing with the matters raised in Mr McClure's email to Mr King of 26 September 2005 (exhibit "MAK-61") and Mr Parbery's email to me dated 28 September 2005 (exhibit "MAK-64"), with a copy to ASIC (Tim Luxton), AGS (Ross McClure), the Contradictor (Stewart Peters), ACTU (Richard Watts), NAB (Tony Troiani) and CBA and BNP (Brendon Watkins). Now produced and shown to me marked "**MAK-69**" is a copy of my 5 October letter (and attachments) to Mr Parbery.
- 36 I am informed by Mr King of ABL that on 7 October 2005 ABL received the Second ASIC Request (refer exhibit MAK-54).

Litigation summary

- 37 Ansett Group companies are involved in the following actual or potential litigations.

Diners Club Pty Ltd

- 38 AAL issued Supreme Court of Victoria proceedings against Diners Club Pty Ltd ("**Diners**") in November 2004 claiming damages of approximately \$9 million under a Global Rewards Participation Agreement and damages of

approximately \$20 million arising under a Master Merchant Agreement. The latter claim has been stayed and referred to arbitration in New York.

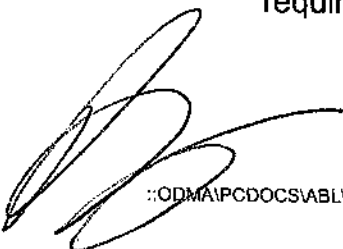
- 39 Diners has issued a counterclaim to AAL's Global Rewards claim for approximately \$44 million.
- 40 I am informed by John Stragalinos of Corrs Chambers Westgarth, lawyers for AAL in the Diners litigation, that the Global Rewards part of the litigation is unlikely to go to trial before April 2006 and is estimated to last 10 to 12 days; further, that the New York arbitration is fixed to take place after the Supreme Court of Victoria trial.

International Air Transport Association ("IATA")

- 41 AAHL has lodged an appeal in the Court of Appeal, Supreme Court of Victoria against the judgment of the Supreme Court of Victoria in proceedings it issued against IATA. If successful, the appeal will allow AAHL to pursue claims against international airlines totalling approximately US\$7 million. As yet, the Court has not fixed a date for the hearing of the appeal. In any event, we do not expect that the appeal and the related debt recovery litigation, if the appeal is successful, will be resolved before late 2006, at the earliest.

Claims against travel agents

- 42 AAL is currently pursuing a large number of claims against travel agents located in Japan and Australia in respect of certain airline tickets issued on behalf of AAL in the months immediately preceding our appointment as Voluntary Administrators.
- 43 AAL's claims against the travel agents total approximately \$13 million, spread across more than 1500 individual travel agents. Following the settlement of Supreme Court of Victoria litigation against Flight Centre earlier this year in relation to similar issues, we are considering commencing further litigation later this year. Although it is difficult to estimate the likely time required to complete, compromise or abandon the claims, we expect that



they will be largely completed, compromised or abandoned by the end of 2006.

Travel Compensation Fund

44 AAL and Traveland are party to nine proceedings issued by the Travel Compensation Fund in the Supreme Court of New South Wales against former directors of the Ansett Group. AAL and Traveland were joined for the particular purpose of allowing the plaintiff to argue aspects of its claims and subject to undertakings that the plaintiff will not seek any damages, costs or other monetary award from or against AAL or Traveland. I do not know when those proceedings are likely to be resolved.

Other matters

- 45 Other claims or litigations (all concerning claims less than \$1 million) include:
- (a) Supreme Court of Victoria litigation by AAL against the Australian Basketball League, for judgment of approximately \$500,000 (plus interest and costs);
 - (b) Supreme Court of Victoria litigation by AAL against Sports and Entertainment, for judgment of approximately \$400,000 (plus interest and costs); and
 - (c) Magistrates' and County Court debt recovery litigation for amounts ranging between \$2,000 and \$300,000 (the total value of the claims being approximately \$1.5 million), which litigations are likely to take at least another year to resolve.

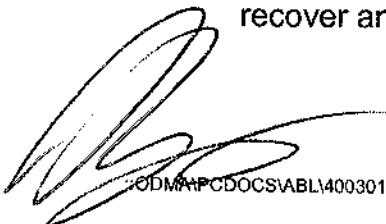
Deacons Request: our alleged early disposition to Pooling

46 Upon our appointment as Voluntary Administrators the Ansett Group employed approximately 15,000 employees who were owed approximately \$760 million in outstanding employee entitlements at the commencement of the Administrations.

- 47 12 separate unions represented employees following our appointment, being the Ansett Pilots Association, the Association of Professional Engineers, Scientists & Managers Australia, the Australian Liquor, Hospitality & Miscellaneous Workers Union, the Australian Federation of Airline Pilots, the Australian Licensed Aircraft Engineers Association, the Australian Services Union, the Australian Workers Union, the Automotive, Food, Metals Engineering, Printing and Kindred Industries Union, the Communication, Electrical and Plumbing Union, the Flight Attendants' Association of Australia, the National Union of Workers and the Transport Workers Union of Australia (collectively, "**Unions**").
- 48 The Unions were also jointly represented by the ACTU.
- 49 From the outset the Unions were concerned to ensure that we, as Administrators, maximised the chance of the Ansett business continuing or, if that was not possible, to ensure a better return for employees than would result if the Ansett Group was wound up.

Negotiation of the MOU

- 50 Shortly after the commencement of the Administrations, negotiations commenced between us, Air New Zealand and the New Zealand Government, ultimately resulting in the MOU, the essential provisions of which are detailed in paragraph 108 of my Second Affidavit. Leon Zwier of ABL assisted us in the negotiations.
- 51 I am informed by Mr Zwier that at the time of the negotiations Air New Zealand was under extreme financial pressure and unless it could disentangle itself from the Ansett Group it was likely that it would be placed under statutory management in New Zealand.
- 52 I refer to and repeat paragraph 108(d) of my Second Affidavit and say further that if Air New Zealand was placed into statutory management, then notwithstanding the possible legal claims that the Ansett Group and others had against Air New Zealand, the Ansett Group would have been unlikely to recover any money from Air New Zealand at all.



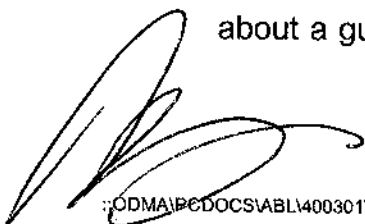
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- 53 Given the number and nature of key stakeholders in the Administrations (including the Commonwealth, ordinary unsecured creditors and the employee representatives, namely the ACTU and the Unions), we saw fit, or were practically required, to discuss with and obtain the preliminary consent of various key stakeholders in relation to various matters, one of which was the proposed MOU. I am informed by Mr Zwier that in the course of preliminary discussions with the Unions and the ACTU about the proposed MOU, those representatives expressed concern that the receipt of a lump sum payment by all of the companies in the Ansett Group and the consequent extinguishment of Ansett Group legal rights could theoretically result in the proceeds of that payment being paid to non-Priority Creditors rather than employees (as Priority Creditors).
- 54 I am informed by Mr Zwier that in those circumstances the Unions, through their legal representatives, sought the inclusion of a provision in the MOU to the effect that the assets of the Ansett Group would be "pooled", on the basis that pooling would increase the likelihood that Priority Creditors would be paid their entitlements in full ahead of non-Priority Creditors. I am further informed by Mr Zwier that this requirement was conveyed to Air New Zealand during the course of the MOU negotiations, as a result of which express provisions were included in the MOU requiring us, as Administrators, to take all reasonable steps to propose and recommend to Ansett Group creditors that each Ansett Group company enter into a DOCA which sought to pool all of the assets and liabilities of the Ansett Group into one company.
- 55 I am informed by Mr Zwier that the Unions' legal representative was present at the hearing of the MOU Application, which is referred to at paragraphs 109 to 111 of my Second Affidavit, and did not oppose the application.

SEESA Deed

- 56 Shortly after the commencement of the Administrations, negotiations commenced between us, as the Administrators, and the Commonwealth about a guarantee scheme for Ansett Group employee entitlements. These



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estimated costs on a "company by company" basis would be impracticable or impossible. Mr Williams also made the request noted in paragraph 32 of this Affidavit, to the effect that we identify those Asset Holding Entities, and AAHL to the relevant extent, directly affected by each of the "pooling" issues.

	Description of Issue	Issue reference in Second Korda affidavit	AAL	AAHL	The Westsky Trust	AIL	The Pelican Trust	Kendell	Show Group	AAE
1	Pre administration "single business", "charge backs" / intercompany loans	Paragraphs 19(a), (b) and 24 to 59	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
2	Determining ownership Head Office (proceeds of sale)	Paragraphs 19(c)(i) and 61-66	Yes	Yes	No	No	No	No	No	No
3	Determining ownership of other Ansett Melbourne CBD Properties	Paragraphs 19(c)(ii) and 67	Yes	Yes	No	No	No	No	No	No
4	Determining ownership of aircraft and engines	19(c)(iii) and 68 to 69	Maybe	Maybe	Maybe	Maybe	Maybe	Maybe	No	Maybe
5	Determining ownership of information technology systems and software	Paragraphs 19(c)(iv) and 70 to 72	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
6	Operation of Deeds of Cross-Guarantee	Paragraphs 19(d) and 73 to 85	Yes	Yes	Yes	No	No	No	No	No
7	Post administration "charge backs"	Paragraphs 19(e) and 86 to 94	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
8	Apportionment of costs of administration (including costs of transactions, litigation and dealings including costs associated with the MOU, SEESA, DOCAs, meetings websites etc)	Paragraphs 19(f) and 95 to 98	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
9	Resolution of tax issues	Paragraphs 19(g) and 99	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
10	Formal proof of debt process for each company	Paragraphs 19(h) and 100 to 104	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
11	Apportionment of MOU monies	Paragraphs 19(i) and 105 to 132	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
12	Claims against National re sweeping of accounts	Paragraph 216	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No

60 I refer to and repeat paragraph 19 of my Second Affidavit in relation to the "Description of Issue" column in the above table.

61 In cases where (in our opinion) it is impossible for us to know now whether or not there will be an effect on an Asset Holding Entity or AAHL we have indicated this by using the word "Maybe".

62 We have included AAHL in the above table, even though it is not an Asset Holding Entity, because, as set out at paragraph 209(a) of my Second Affidavit, as supplemented by paragraph 38(b)(v) of my Third Affidavit, we

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believe that if Pooling does occur, the creditors of AAHL may be adversely affected.

Deacons Request: impact of our intended voting on Asset Holding Entities

63 In our opinion, the extent to which each Ansett Group company is entitled to vote as a Deed Creditor or as a "Claimant" (as defined in the Skywest/Aeropelican DOCAs) should be determined by the amount of intercompany indebtedness between the various Ansett Group companies and entities.

64 The table below summarises the likely Deed Creditor claims against the Asset Holding Entities. The final column of the table shows the proportion of intercompany debts as a percentage of Deed Creditor claims overall.

Voting Table

	Total		Employees *		Related Party		Third Party		Related Party
	No.	Value	No.	Value	No.	Value	No.	Value	% Value
AAL	40,777	\$5,636,950,181.83	9,431	\$199,290,779.14	50	\$1,740,641,779.00	31,296	\$3,697,017,623.69	30.88%
AAHL	31,346	\$5,094,249,888.59	0	\$0.00	50	\$1,397,232,264.90	31,296	\$3,697,017,623.69	27.43%
The Westsky Trust	255	\$731,184,216.23	0	\$0.00	10	\$63,098,518.11	245	\$688,085,698.12	8.63%
AIL	98	\$511,745,705.36	0	\$0.00	2	\$290,682,180.00	96	\$221,063,525.36	56.80%
The Pelican Trust	89	\$5,406,886.66	7	\$44,861.49	3	\$4,498,073.12	79	\$863,952.05	83.19%
Kendell	832	\$199,582,751.09	66	\$254,515.76	21	\$162,702,091.34	745	\$36,626,143.99	81.52%
ShowGroup	771	\$31,942,398.58	11	\$233,854.54	87	\$24,958,349.91	673	\$6,750,194.13	78.14%

No. = Number of Claims

* The amount owed to employees is the current amount owed (i.e. total employee entitlements less distributions to date)

65 The vast majority of Deed Creditor claims (by value) in the Pelican Trust, Kendell and Show Group are intercompany debts, as are a majority of debts (by value) in AIL. Accordingly, if the Court makes the orders or gives the directions sought in the Application in relation to our voting the intercompany debts in favour of Pooling, we will be able to cause a majority in value of the Deed Creditors (or "Claimants", as the case may be) in the Pelican Trust, AIL, Kendell and Show Group to vote in favour of Pooling at the Pooling Meeting in respect of those companies and that trust. Further, if a majority in number of the Deed Creditors / "Claimants" were to vote against Pooling, so

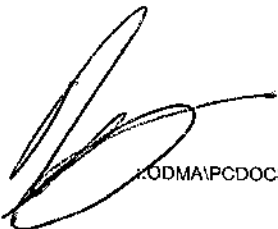
as to create a deadlock between "number" and "value", we would exercise our casting vote in favour of Pooling.

66 Further, by reference to the table above, approximately 31% of Deed Creditor claims against AAL, and approximately 27.5% of Deed Creditor claims in AAHL are comprised of intercompany debts. In my experience of creditor meetings in liquidations and administrations over many years, it is often the case that a party which holds a significant minority percentage of the votes by value (which would be the case for us in the AAL and AAHL Pooling Meetings if the Court grants the relief we seek) will have a majority of votes by value at the relevant meeting, because many creditors entitled to participate in the meeting choose not to. In the circumstances, it is possible, even foreseeable that if the Court grants the relief we seek we will be able to cause a majority in value of the Deed Creditors in AAL and AAHL present at the relevant Pooling Meeting to vote in favour of Pooling at that meeting. Further, in that event, were a majority in number of AAL or AAHL Deed Creditors to vote against Pooling, so as to create a deadlock between "number" and "value", we would exercise our casting vote in favour of pooling of each of AAL and AAHL.

Second ASIC Request: paragraph 1

67 Paragraph 1 of the Second ASIC Request concerns determination of the value of Ansett Group intercompany loan accounts. In response to ASIC's questions I say:

- (a) Based on our investigations, the Ansett Group intercompany loan account values have been determined as follows:
 - (i) We first reviewed the Ansett Group intercompany loan accounts as at the date(s) of Administration ("**September 2001 Books**").
 - (ii) We then compared the September 2001 Books with the 2001 Unaudited Accounts to determine whether, other than by reason of the inconsistent and haphazard "charge-backs" referred to in my Second Affidavit, there were material differences between




the September 2001 Books and the 2001 Unaudited Accounts. No material differences were apparent.

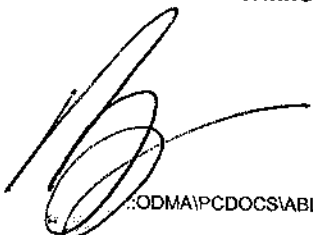
- (iii) We then cross-checked the 2001 Unaudited Accounts against the 2000 Audited Accounts, again, to determine whether there were material differences (other than due to "charge-backs"). No material differences were apparent.
 - (iv) We then adjusted the intercompany loan account balances to take account of the NAB purported set offs, to reflect the clearing of certain Ansett Group Company overdraft balances at the expense of AAL.
 - (v) In the circumstances we have adopted the intercompany loan account balances as they appear in the September 2001 Books, adjusted as described above to take account of the NAB purported set offs, as the amounts we intend to vote at the Pooling Meetings.
- (b) Save for the matters referred to in paragraph 67(a), we do not propose to take into account any "*extraneous material*" in determining the value of Ansett Group intercompany loan accounts.

Second ASIC Request: paragraph 2

68 Paragraph 2 of the Second ASIC Request concerns the MOU monies. In response to ASIC's requests for clarification, I say ASIC's understanding is correct; we intend the remaining MOU proceeds to remain the property of AAL. Accordingly, we state this as an assumption underlying the information in the Distribution Tables (as amended).

Second ASIC Request: paragraph 3

69 Paragraph 3 of the Second ASIC Request asks whether the MOU monies have been included in the estimated net realisations of AAL of \$506.95 million referred to in Distribution Table 1 on page 7 of the Third Affidavit. In



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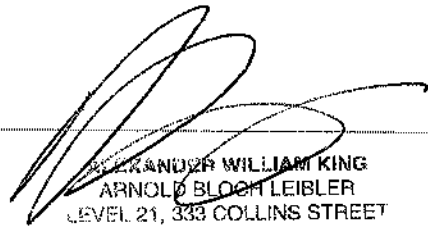


response I say that the MOU monies are included in that estimate of net realisations of AAL.

SWORN at Melbourne in the State of)
Victoria on this 13th day of October)
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

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

No. VID 621 of 2005

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 - CERTIFICATE OF COMPLIANCE

(Order 14, rule 5A)

I, **ALEXANDER WILLIAM KING**, certify to the Court that the affidavit of **MARK ANTHONY KORDA** sworn on 13 October 2005 filed on behalf of the plaintiffs complies with Order 14, rule 2 of the Federal Court Rules.

Date: 13 October 2005


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

Version 2