



KordaMentha

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Media Release

Ansett administration makes final landing with 96 cents in the \$ for employees

KordaMentha today announced a final payment for former employees of Ansett, bringing an end to the airline's administration.

The former employees of the Ansett Group received another \$5.3 million this week. This brought the average payment to 96 cents in the dollar of their entitlements.

Employees have shared \$727.5 million in 14 separate dividends as the administrators realised the assets of the Ansett Group over the past 10 years.

The administration was the biggest in Australian corporate history and one of the most complex.

Mark Korda said today: "The Ansett collapse produced enormous pain and hardship to thousands of Australian families. This final chapter does not ease the pain, but it helps bring closure."

Mr Korda said the financial outcome for former employees was much better than many predicted. "At the time, there were people who were tipping a return of 40 to 50 per cent and happily they have been proved wrong," he said.

Mr Korda said today's outcome was made possible because the administrators were able to avoid a fire sale of assets at a time when the global aviation industry was at one of its lowest ebbs in the immediate aftermath of the September 11 terrorist attacks.

"The strategy for a more orderly approach gained important support from employees, the Federal Government, the ACTU and many other parties," Mr Korda said.

The Ansett Group was Australia's second biggest airline, carrying more than 14 million passengers a year, when it was placed into administration on 12 September 2001. It had more than 15,000 employees, a turnover of more than \$3 billion a year, a fleet of 133 aircraft and more than 350 premises. It had no money and costs of \$200 million a month.

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Mr Korda said major milestones of the administration were:

- Payment of \$150 million from parent company Air New Zealand in the early days of the administration to help keep planes in the air, thus preserving the value of many of the assets
- Negotiating an Australian Government guarantee for Ansett tickets in the early weeks of the administration
- Negotiating a Federal Government scheme (SEESA - Special Employee Entitlements Scheme for Ansett) under which some employee entitlements could be advanced. The scheme advanced \$382.4 million to Ansett and by yesterday \$363 million had been reimbursed.
- An orderly and patient assets sale program under which millions of assets – ranging from nuts and bolts to Boeing 767s and airport terminals – were sold. The final asset sold was the spare parts business this year.

One of the most satisfying outcomes, aside from the dividends, was the sale of several Ansett businesses as going concerns, which saved the jobs of many employees. These businesses included Skywest Airlines, Rex Airlines, the Ansett simulator business, Ansett Spares and Service, Ansett Engineering and the Ansett jet engines business. Unfortunately, a sale of the mainline airline to any syndicate did not eventuate.

The administration was now effectively finished.

Note: Mark Korda and Mark Mentha were appointed Administrators of the Ansett Group on 17 September 2001, five days after the initial appointment of administrators. At the time of their appointment, Korda and Mentha were partners at Arthur Andersen. On 15 April 2002, Korda and Mentha left Andersen and started KordaMentha, now a leading Australian restructuring and insolvency practice with more than 380 employees.

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