

The Insolvency Act 1986

Statement of administrator's proposals

Name of Company Excel Aviation Limited	Company number 03720932
In the High Court, Chancery Division, Companies Court	Court case number 7851 of 2008

(a) Insert full name(s) and address(es) of administrator(s)

We (a) Mark Nicholas Cropper, Alastair Paul Beveridge and Simon Jonathan Appell of Zolfo Cooper, 10 Fleet Place, London, EC4M 7RB and Stuart Charles Edward Mackellar of Zolfo Cooper, Wellington Plaza, 31 Wellington Street, Leeds, LS1 4DL

attach a copy of our proposals in respect of the administration of the above company.

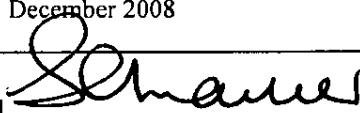
* Delete as applicable

Pursuant to a court order dated 27 October 2008 a copy of these proposals was made available to all known creditors via www.xladministration.com on

(b) Insert date

(b) 1 December 2008

Signed



Joint Administrator

Dated

31/12/08

Contact Details:

You do not have to give any contact information in the box opposite but if you do, it will help Companies House to contact you if there is a query on the form. The contact information that you give will be visible to searchers of the public record

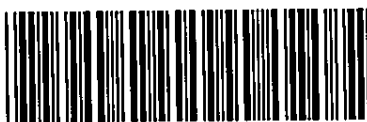
Michael Hill, Zolfo Cooper, Wellington Plaza, 31 Wellington Street, Leeds, LS1 4DL

Tel 0113 386 0864

DX Number

DX Exchange

THURSDAY



A56

A601Y5DE

04/12/2008

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COMPANIES HOUSE

When you have completed and signed this form please send it to the Registrar of Companies at:

Companies House, Crown Way, Cardiff, CF14 3UZ

DX 33050 Cardiff

1 December 2008

Our ref: MNC/EZL/XL03ADL
Your ref:

Wellington Plaza
31 Wellington Street
Leeds LS1 4DL
t: +44 (0) 113 386 0800
f: +44 (0) 113 244 9305
www.zolfocooper.com

TO ALL KNOWN CREDITORS

When telephoning please ask for:
Erica Walters

Direct Line:
0113 386 0819

Dear Sirs

Excel Aviation Limited - In Administration (the Company)

I previously wrote to all known creditors to explain that, A P Beveridge, S C E Mackellar, S J Appell and I were appointed Joint Administrators of the Company on 12 September 2008. Please note that from 1 December 2008 Kroll will be known as Zolfo Cooper.

I can confirm that pursuant to an order of the Court dated 27 October 2008, the Court has extended the deadline for making the Joint Administrators' Report and Statement of Proposals available to creditors to 4 December 2008 [and for holding any initial creditors' meeting (where applicable) to 18 December 2008].

Pursuant to the same order of the Court dated 27 October 2008; the Joint Administrators' Report and Statement of Proposals will be available to the creditors of the Company on the www.xladministration.com website on 1 December 2008. Please see attached a copy of an advert detailing the above, which will be placed in national newspapers on 1 December 2008.

The Joint Administrators are now required to call an initial meeting of creditors at which our Statement of Proposals will be presented, setting out the way in which we propose to achieve the purpose of the Administration. The Directors are not required to attend this meeting, and will not be present.

This meeting has now been scheduled to take place at 10.00 am on 17 December 2008 at Wembley Arena, Arena Square, London, HA9 0DH.

At this meeting creditors will be asked to consider:

- The Joint Administrators' Proposals
- Whether or not to establish a creditors' committee
- The approval of the basis of the Joint Administrators' remuneration
- Approving the automatic discharge from liability of the Joint Administrators following completion of the Administration

Enclosed with this letter are the following documents:

- Formal notice of the meeting of creditors (Form 2.20B)
- A Proxy form which must be completed and returned to me as soon as possible and in any event, no later than 12 noon on 15 December 2008 to enable your representative to vote at the meeting of creditors.
- A Statement of Claim form. In order to vote at the meeting you must supply written details of your debt as at the date of the Joint Administrators' appointment. You will not be entitled to vote at the meeting unless these details have been submitted to me at the above address before 12 noon on 15 December 2008.

If you have any queries in relation to the contents of this letter, what is being proposed or the completion of the enclosed forms, please contact Erica Walters of this office on 0113 386 0819.

Yours faithfully
For and on behalf of
Excel Aviation Limited



M N Cropper
Joint Administrator

Enc

XL LEISURE GROUP PLC , XL AIRWAYS UK LIMITED, ASPIRE HOLIDAYS LIMITED, EXCEL AVIATION LIMITED, EXPLORER HOUSE LIMITED, FREEDOM FLIGHTS (AVIATION) LIMITED, FREEDOM FLIGHTS LIMITED, KOSMAR VILLA HOLIDAYS PLC, MEDLIFE HOTELS LIMITED, THE REALLY GREAT HOLIDAY COMPANY PLC AND TRAVEL CITY FLIGHTS LIMITED (ALL IN ADMINISTRATION)

(XL Leisure Group Plc company number: 04513359. In the High Court of Justice. Court Case No: 7858/2008.)

Notice is hereby given by Mark Nicholas Cropper, Alastair Paul Beveridge, Simon Jonathan Appell and Stuart Charles Edward Mackellar (the joint administrators of XL Leisure Group plc) that, in respect of XL Leisure Group plc, XL Airways UK Limited, Aspire Holidays Limited, Excel Aviation Limited, Explorer House Limited, Freedom Flights (Aviation) Limited, Freedom Flights Limited, Kosmar Villa Holidays plc, Medlife Hotels Limited, The Really Great Holiday Company plc and Travel City Flights Limited (the "Administration Companies") (each having its registered office at c/o Zolfo Cooper, Wellington Plaza, 31 Wellington Street, Leeds, West Yorkshire LS1 4DL), pursuant to an order of the Court dated 27 October 2008, the joint administrators' Statements of Proposals are available to creditors of each Administration Company on the www.xladministration.com website. Creditors without internet access may obtain a copy of the Statements of Proposals free of charge by calling 0800 068 8991. Notice is also hereby given that, pursuant to the same order of the Court dated 27 October 2008, the Court has extended the time for making the Statement of Proposals available to creditors to 4 December 2008 and for holding the initial creditors' meeting to 18 December 2008.

The affairs, business and property of the Company are being managed by the Joint Administrators.
The Joint Administrators act as agents of the Company and without personal liability.

Notice of a meeting of creditors

Name of Company Excel Aviation Limited	Company number 03720932
In the High Court, Chancery Division, Companies Court [full name of court]	Court case number 7851 of 2008

(a) Insert full name(s) and address(es) of the administrator(s)

Notice is hereby given by (a) Mark Nicholas Cropper, Alastair Paul Beveridge and Simon Appell of Zolfo Cooper, 10 Fleet Place, London, EC4M 7RB and Stuart Charles Edward Mackellar of Zolfo Cooper, Wellington Plaza, 31 Wellington Street, Leeds, LS1 4DL

(b) Insert full name and address of registered office of the company

that a meeting of the creditors of (b) Excel Aviation Limited, c/o Zolfo Cooper, Wellington Plaza, 31 Wellington Street, Leeds, LS1 4DL

(c) Insert details of place of meeting

is to be held at (c) Wembley Arena, Arena Square, London, HA9 0DH

(d) Insert date and time of meeting

on (d) 17 December 2008 at 10.00am

The meeting is:

*Delete as applicable

(1) an initial creditors' meeting under paragraph 51 of Schedule B1 to the Insolvency Act 1986 ("the Schedule");

I invite you to attend the above meeting.

A proxy form is enclosed which should be completed and returned to me by the date of the meeting if you cannot attend and wish to be represented.

In order to be entitled to vote under Rule 2.38 at the meeting you must give to me, not later than 12.00 hours on 15 December 2008, details in writing of your claim.

Signed *Nick Cropper*

Joint Administrator

Dated 1 December 2008

* Delete as applicable

A copy of the proposals will be available on www.xladministration.com website by 1 December 2008

Insolvency Act 1986**Proxy (Administration)****Excel Aviation Limited – In Administration**

Name of Creditor _____

Address _____

Please insert name of person (who must be 18 or over) or the Chairman of the Meeting. If you wish to provide for alternative proxy holders in the circumstances that your first choice is unable to attend please state the name(s) of the alternatives as well

Please delete words in brackets if the proxy holder is only to vote as directed i.e. he has no discretion

Name of Proxy Holder

1 _____

2 _____

3 _____

I appoint the above person to be my/the creditor's proxy holder at the meeting of creditors to be held on 17 December 2008 or at any adjournment of that meeting. The proxy holder is to propose or vote as instructed below (and in respect of any resolution for which no specific instruction is given, may vote or abstain at his/her discretion).

Voting Instructions for resolutions

*Please delete as appropriate

- 1 That the Joint Administrators' proposals be approved. **For/Against***
- 2 Under Rule 2.106 of the Insolvency (Amendment) Rules 2003 and in the absence of a Creditors' Committee, the remuneration of the Joint Administrators be fixed by reference to time properly spent by them and their staff in attending to matters arising from the Administration. **For/Against***
- 3 In accordance with Statement of Insolvency Practice No 9, issued by the Association of Business Recovery Professionals, the Joint Administrators be authorised to draw remuneration as and when funds are available on account of their time costs. **For/Against***
- 4 The Joint Administrators will be discharged from liability under Paragraph 98(3) of Schedule B1 to the Insolvency Act 1986 immediately upon their appointment as Administrators ceasing to have effect. **For/Against***
- 5 For the appointment of _____
of _____
representing _____
as a member of the creditors' committee

This form must be signed

Signature _____ Date ____/____/____

Name in CAPITAL LETTERS _____

Only to be completed if the creditor has not signed in person

Position with creditor or relationship to creditor or other authority for signature

**EXCEL AVIATION LIMITED - IN ADMINISTRATION
CREDITOR'S STATEMENT OF CLAIM**

Name and address of creditor:

Amount claimed in the Administration:

(Including VAT)

£ _____

Signature of creditor:

Name of creditor:

Telephone:

Fax:

E-mail:

Date:

_____/_____/_____

Please provide appropriate documentation in support of your claim.
If you are registered for VAT the amount claimed should include VAT even if VAT bad debt relief has been claimed under the Value Added Tax Act 1994.

Please return this form when you have completed it to Erica Walters at Zolfo Cooper, Wellington Plaza, 31 Wellington Street, Leeds, LS1 4DL.

Creditors registered for VAT may be able to claim VAT bad debt relief in accordance with Section 36 Value Added Tax Act 1994. In broad terms relief is available when the debt is six months old and "written off" by the creditor entering it on his VAT refunds-for-bad-debts-account.

Claims lodged in the Administration should be gross, including any VAT element. If/when dividends are paid, creditors who have claimed VAT bad debt relief must apportion the dividend between VAT and the net element of their claim and account to HM Revenue & Customs for the VAT element through their VAT return.

Insolvency Practitioners have no role in administering VAT bad debt relief under the Value Added Tax Act 1994. Creditors who are uncertain how to claim should contact their VAT office or take professional advice.

ADM404A

Joint Administrators' Report and Statement of Proposals

**Excel Aviation Limited -
In Administration**

1 December 2008

zc ZOLFO COOPER

EXCEL AVIATION LIMITED - IN ADMINISTRATION

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EXCEL AVIATION LIMITED - IN ADMINISTRATION

1 Statutory Information

- 1.1 The registered number of Excel Aviation Limited (the **Company**) is 03720932.
- 1.2 The Company formed part of the XL Leisure Group of companies (the **Group**).
- 1.3 The Company is one of 11 Companies (the **Companies**) within the Group which were placed into Administration by the Court at 1am on 12 September 2008. The additional 10 Companies placed into Administration are as follows:
- XL Leisure Group plc (04513359) (the **Parent Company**)
 - XL Airways UK Limited (02980023)
 - Travel City Flights Limited (03676161)
 - Explorer House Limited (05183147)
 - The Really Great Holiday Company plc (02813710)
 - Medlife Hotels Limited (05311104)
 - Aspire Holidays Limited (03813759)
 - Freedom Flights Limited (03761690)
 - Freedom Flights (Aviation) Limited (03778561)
 - Kosmar Villa Holidays plc (01673531)
- 1.4 A copy of the Group structure is attached at Appendix A. The other entities in the Group are dormant or non-trading.
- 1.5 The registered office of the Company has been changed from Mitre Court, Fleming Way, Crawley, West Sussex, RH10 9NJ to c/o Zolfo Cooper, Wellington Plaza, 31 Wellington Street, Leeds, LS1 4DL.
- 1.6 Please note that following the recent completion of a Management Buy-Out (**MBO**) by the partner group of Kroll's UK Corporate Advisory and Business Recovery practice from Kroll Inc, we will be operating under the Zolfo Cooper brand name going forward. Zolfo Cooper Europe will continue to be headquartered at 10 Fleet Place, London EC4M 7RB with our existing network of UK offices remaining in their current locations.

EXCEL AVIATION LIMITED - IN ADMINISTRATION

1.7 Details of the Company's Directors and Secretaries are as follows:

EXCEL AVIATION LIMITED	Date appointed	Date resigned	Shares held
Directors			
Phillip John Aird-Mash	01/04/2008	N/A	NIL
Jonathon Bousfield	21/08/2001	N/A	NIL
Neil Andrew Morris	01/04/2008	N/A	NIL
Andreas Drakou	21/08/2001	03/05/2007	NIL
Eamonn Eugene Mullaney	21/08/2001	31/10/2006	NIL
Paul Roberts	21/08/2001	13/07/2006	NIL
Halldor Sigurdarson	19/07/2006	01/04/2008	NIL
Steven John Tomlinson	25/02/1999	31/07/2006	NIL
Philip Leonard George Wyatt	11/11/1999	01/04/2008	NIL
Secretaries			
Hywel Thomas	01/04/2008	25/09/2008	NIL
David Anthony Budgen	25/02/1999	15/02/2008	NIL

2 Background to the Administration

2.1 The Group was a large travel and aviation business with offices in the UK, Ireland, France and Germany. It was the third largest tour operator within the UK with Group turnover of c£550 million per the audited accounts for the year ended 30 October 2007.

2.2 The Companies' principal activities were:

- Aircraft operation and seat brokerage to UK, French, German and American tour operators;
- Tour operating, and
- Sub-leasing and aircraft brokerage (chartering).

2.3 The Companies' main headquarters were located at Explorer House, Fleming Way, Crawley, West Sussex, RH10 9EA but trading operations were also conducted from the following premises:

- Mitre Court, Fleming Way, Crawley, West Sussex, RH10 9NJ
- 3, 4 and 4a Magellan Terrace, Gatwick Road, Crawley, West Sussex, RH10 9PJ

EXCEL AVIATION LIMITED - IN ADMINISTRATION

2.3 The Companies had a number of offices in the United Kingdom and elsewhere:

- 5 Raleigh Court, Discovery Park, Priestley Way, Crawley, West Sussex, RH10 9PD
- 15 Raleigh Court, Discovery Park, Priestley Way, Crawley, West Sussex, RH10 9PD
- Mill Court, Unit 28, Spindle Way, Crawley, West Sussex, RH10 1TT
- Unit 18, Cobham Way, Crawley, West Sussex, RH10 9RX
- The Grange, 100 High Street, Southgate, London, N14 6FS
- Llanfair Buildings, 10 St Mary's Square, Swansea, SA1 3LL
- World Trade Centre, Mary Ann Street, Cardiff, CF10 2EQ
- 3rd Floor, Prudential House, Topping Street, Blackpool, FY1 3AX

2.4 In addition, the Companies also had a number of crew rooms at UK airports, including Gatwick, Manchester, Bristol, Glasgow, Newcastle, East Midlands and Cardiff.

2.5 The brands and trading names operated by the Companies were as follows:

- XL.com
- Kosmar
- Travel City Direct
- Freedom Flights
- Aspire Holidays
- Medlife

2.6 A management buyout of the Group was completed in December 2006 with Landsbanki providing USD \$280 million of the acquisition finance. This resulted in the Group becoming highly leveraged with a significant amount of debt on its balance sheet.

2.7 A consolidated summary of the financial position of the Group is shown below:

EXCEL AVIATION LIMITED - IN ADMINISTRATION

£000's	Management Accounts 8 months to 30/06/08	Audited Accounts 12 months to 31/10/07	Audited Accounts 12 months to 31/10/06
Turnover	499,499	549,495	504,991
Gross Profit	16,290	40,933	62,462
Operating Profit / (Loss)	(33,837)	(23,619)	(11,234)
Profit on Disposal of Subsidiaries	0	17,259	1,390
Profit / (Loss) before Tax	(41,364)	(7,133)	(9,866)

- 2.8 The Companies' financial difficulties became worse in 2008, caused primarily by increased fuel costs (only part of which was hedged), a decline in consumer confidence, excess capacity in the travel industry and a substantial ongoing cash flow requirement which could not be sustained.
- 2.9 The Group was highly leveraged and the lending structure across the Companies was complex. The Group had outstanding debt and guarantees in the order of £400m across a number of lenders, lessors and other financial institutions with differing security interests, with the main secured lending being provided by Straumur-Burdarás Investment Bank hf. (**Straumur**) and Barclays Bank plc (**Barclays**). The debt and other guarantees also include outstanding liabilities in relation to bonding, hedging and soft facilities (i.e. credit card exposure). Jones Day Solicitors (**Jones Day**) were engaged to review the facility and security documentation and provide advice on the validity of the security interests registered against the Companies.
- 2.10 The lack of sufficient funding to enable the Group to trade through the Winter season and an inability to meet its financial obligations resulted in the Directors concluding that each of the Companies were insolvent. Due to the complexity of the Group structure, there was uncertainty surrounding which assets and liabilities were held by which Companies. Therefore, it was necessary for all of the Companies to enter Administration to preserve the position as regards potentially realisable assets of the Group and to ensure that any potential going concern sales of the businesses brands and assets of some of the Companies were not jeopardised.
- 2.11 As a result, Alastair Paul Beveridge, Mark Nicholas Cropper, Simon Jonathan Appell and Stuart Charles Edward Mackellar, licensed insolvency practitioners all of Zolfo Cooper, were appointed Joint Administrators of the Company by the High Court at 1am on 12 September 2008.

- 2.12 Alastair Paul Beveridge, Mark Nicholas Cropper and Simon Jonathan Appell are licensed by the Institute of Chartered Accountants in England and Wales and Stuart Charles Edward Mackellar is licensed by the Institute of Chartered Accountants of Scotland.
- 2.13 The Administration was filed in the High Court of Justice, Chancery Division, Companies Court, under reference number 7851 of 2008.
- 2.14 The EC Regulation on Insolvency Proceedings 2000 apply to the Administration. The proceedings are main proceedings as defined by Article 3 of the Regulation. The Company is based in the United Kingdom.
- 2.15 The Joint Administrators act jointly and severally, so that all functions may be exercised by any of the Joint Administrators.
- 2.16 The Joint Administrators must perform their functions with the purpose of achieving one of the following objectives:
- rescuing the Company as a going concern;
 - achieving a better result for the Company's creditors as a whole than would be likely if the Company were wound up (without first being in Administration); or
 - realising property in order to make a distribution to one or more secured or preferential creditors.

Further information on the pursuance of the above objectives is detailed in the next section.

3 Administration Strategy and Objective

- 3.1 In order to explain the Administration strategy for the Company, set out below is a summary of the overall Administration strategy for the Companies and how this specifically relates to the Company.
- 3.2 The first objective under the new Administration regime is based on the survival of the existing Companies through a Company Voluntary Arrangement (CVA) or a Scheme of Arrangement under Section 425 of the Companies Act. This was not a viable option since a CVA would require a significant further cash injection to cover the working capital requirements, and investors were not willing to inject such funds into the businesses.
- 3.3 As the Joint Administrators were unable to achieve the first objective, the second objective of achieving a better result for the creditors as a whole than would be likely if the Companies were wound up (without first being in Administration) was pursued, through attempted going

concern sales of the Tour brands and/or assets of the Companies, thereby maximising realisations available for creditors.

Overall Administration Strategy

The initial strategy for the Administrations was to carry out a controlled wind down of the Companies, realising assets and marketing for sale the discrete brands of the businesses.

Air Operations

- 3.4 The Joint Administrators engaged in detailed discussions with the CAA just prior to appointment to explore the option of continuing to operate the aircraft to repatriate affected customers. Facing what they anticipated would be a large repatriation operation; both the Joint Administrators and the CAA were keen to explore the possibility of using the Companies' aircraft and operating licences to fly passengers home.
- 3.5 In order to continue to trade the Companies in Administration and continue to operate the aircraft, the Joint Administrators would have required the following:
- the continued validity of the Companies' air operators' certificate and operating and route licences;
 - funding for the costs associated with operating the aircraft; and
 - an indemnity agreement, to indemnify the Joint Administrators against the liabilities associated with running an airline.
- 3.6 Whilst the CAA was prepared to leave licences in place to enable flying to continue, an indemnity was also necessary to ensure cash flow and catastrophe insurance was provided for. Any decision to offer an indemnity would have needed to be made by the Department for Transport, who declined to extend an indemnity as it was deemed to "place taxpayers' money at an unacceptable level of risk when another workable solution using other aircraft was available".
- 3.7 The Government, Joint Administrators and the CAA worked very hard together to find a way to keep the Companies' fleet flying. Unfortunately, however, it was not possible for the Joint Administrators to obtain the level of support necessary to continue operating. As such all UK air operations ceased immediately upon the appointment of the Joint Administrators, which involved grounding all planes and cancelling all future flights.

Customers and the CAA

- 3.8 On the date of appointment it is estimated that over 80,000 customers across all Companies in the Group were abroad. It was understood that a large proportion of these customers were covered by the Air Travel Organisers' Licensing (ATOL) scheme. The CAA advised us that it would be making arrangements for the repatriation of ATOL protected members of the public.
- 3.9 We have however liaised extensively with the CAA to provide the information needed to assist customer repatriation and we have made employees and resources of the Group available to the CAA to assist them in performing their duties. The CAA has funded these costs out of the ATOL bonds provided by the Group.
- 3.10 The CAA has set up a claims assessment centre for those customers covered by the ATOL scheme and customers are able to obtain information via the CAA ATOL website (www.atol.org.uk) or on telephone number 0870 590 0927.
- 3.11 **Please note that it is a statutory requirement for the Joint Administrators to prepare and make available for all actual and contingent creditors of the Company, a Report and Statement of Proposals. However, for those passengers who have submitted claims for refunds to the CAA under the ATOL scheme, this report is for information only and does not affect the ATOL claim in any way.**
- 3.12 The companies which are ATOL bonded (ATOL Companies) are as follows:
- The Really Great Holiday Company plc - ATOL 3827
 - Aspire Holidays Limited - ATOL 6526
 - Freedom Flights Limited - ATOL 5296
 - Kosmar Villa Holidays plc - ATOL 1760

Credit card/Visa debit card bookings

- 3.13 Customers who used a credit card or Visa debit card to pre-pay for future bookings which will not be honoured by the Companies due to their insolvency may be able to claim a refund from the card issuer in accordance with Section 75 of the Consumer Credit Act 1974. Customers in this position should contact their credit card/Visa debit card company for further information on how to process such a claim. As stated in the Consumer Credit Act 1974, if the amount paid is less than £100, the credit card or Visa debit card issuer is not obliged to agree the claim.

- 3.14 Please note that this report is for information only and does not affect credit card or Visa debit card claims which may have already been submitted directly with your card issuer.

Employees

- 3.15 Across the Group, 1,525 employees were made redundant upon appointment, including all flight staff; following the cessation of the UK air operations. Approximately 160 employees were retained to help the Joint Administrators deal with matters arising upon appointment, and in particular:
- assisting the CAA with the repatriation of customers abroad;
 - overseeing the repatriation of Group staff back to the UK;
 - the controlled wind down of the businesses;
 - realisation of assets;
 - assisting creditors and customers with queries regarding pre-booked holidays;
 - updating and completion of financial records; and,
 - return of aircraft and records to the Aircraft Lessors.

- 3.16 All known employees of the Companies were notified as soon as reasonably practicable following the appointment of the Joint Administrators with Zolfo Cooper staff in attendance from 1am on 12 September 2008 on site at each of the airports and offices as detailed in Section 1 of this report. Zolfo Cooper staff remained at the airports throughout 12 September 2008 to deal with further queries and redundancies of staff arriving on inbound flights and those arriving to staff outbound flights.

- 3.17 Unfortunately, it was inevitable that a number of flight staff would be stranded. The Group's Rainmaker database was utilised to identify the staff locations and the repatriation of flight crew was a priority immediately upon appointment. The Joint Administrators liaised with the employees to assist with the repatriation of all staff overseas who needed to be brought back to the UK.

Communication

- 3.18 The appointment of the Joint Administrators was communicated to customers and creditors of the Group via the press, the Group's website and via a dedicated customer call centre set up by the Joint Administrators. A detailed customer briefing sheet was made available with

helpline numbers included for those people stranded overseas. In addition to the briefing sheet which was circulated, customer notices were put up at all of the UK airports confirming the information and points of contact, and notices were also provided to overseas airports and travel agents.

- 3.19 The Group's website ceased taking bookings upon appointment and the CAA, domestic and international airports, trade unions, political parties and the foreign office were notified immediately upon appointment.

The Group's systems

- 3.20 The Group's booking and accounting systems are complex and data is held across seven separate IT systems and various accounting packages, some of which are hosted by external providers. Each of the systems operate separately and are not interlinked, and thus it has been necessary to access each on an individual basis. The Joint Administrators have spent a considerable amount of time obtaining the information and reviewing the data required in order fulfil statutory obligations, provide assistance to customers and credit card issuers with regard to pre-paid bookings and market the brands and assets for sale.

France and Germany

- 3.21 The French and German operations of the business were profitable. As such, the Joint Administrators were able to successfully conclude a sale of the shares, which were owned by XL Leisure Group plc, of these entities on day one of the Administration resulting in the preservation of approximately 600 jobs. The sale proceeds less associated professional costs will be distributed to Straumur under its XL Leisure Group plc fixed charge.

Straumur Funding

- 3.22 Upon appointment the Companies entered into a Funding Agreement with Straumur which allowed each of the Companies access to loan funding to ensure a controlled wind down of the businesses could be affected whilst the assets of the Companies were realised. These sums are to be repaid from asset realisations from each of the Companies' estates, to the extent that there are sufficient realisations available.

Statutory Investigations into Directors' Conduct

- 3.23 The Joint Administrators have a duty to consider the conduct of those who have been Directors of the Company at any time during the three years prior to appointment. The Joint Administrators also have a duty to consider whether any civil proceedings should be taken against the Directors or others for the recovery of, or contributions to, the Company's assets.

- 3.24 This forms part of the Joint Administrators' normal investigation procedures and does not imply any criticism of the Directors. The Joint Administrators are required to prepare a Report on the Conduct of Directors to the Secretary of State for Business, Enterprise and Regulatory Reform. Pursuant to the terms of the Company Directors Disqualification Act 1986, the content of the Joint Administrators' report is confidential.

Administration Strategy for the Company

- 3.25 The Company was an aircraft chartering business, which serviced primarily the flight requirements of the Group's tour operators and third party travel agents; however it also chartered to some of its UK tour operator competitors. The Company was a significant trading entity, with an annual turnover of approximately £62 million.

Employees

- 3.26 Prior to appointment, the Company employed eight employees which were a mixture of Finance, HR and IT staff. Immediately upon appointment, five employees were made redundant due to the considerable reduction in the Company's operations. The remaining three employees were retained to assist the Administrators in the matters detailed in section 3.5. As of 24 November 2008 there are no employees remaining with the Company.

Shareholding

- 3.27 The Company owns a 20 percent shareholding in the Allbury Travel Group (**Allbury**). Ongoing negotiations are being held with Allbury's other shareholders with regard to a potential sale of the Company's shareholding in Allbury. The level of potential realisations from this source is currently unclear.

Debtors

- 3.28 The Company's debtor ledger consisted of balances due from airlines and leasing companies in respect of retrospective rebates and sundry refunds, along with amounts due from other group Companies.
- 3.29 The Joint Administrators have spent significant time reconciling and updating the Company's debtor ledger to the date of appointment and subsequently pursued those debts which are believed due and payable. The Joint Administrators understood that the Company's debtor ledger upon appointment was approximately £2 million once intercompany debts had been deducted.
- 3.30 The outstanding amounts believed recoverable from debtors, have been extracted from the Company's databases and letters have been sent requesting payment of these balances. To date, there have been £23,848 realisations from this source.

- 3.31 The Joint Administrators are continuing to pursue the remaining balances but have made a provision for the majority of the ledger being uncollectable due to debtors' right of setoff against amounts owed to them on the Company's purchase ledger. Some of the debts are also doubtful due the debtors having entered, or being expected to enter, formal insolvency proceedings. The Joint Administrators anticipate that approximately £200,000 of further realisations will be recovered from debtors.

Intercompany debts

- 3.32 The position with regard to the intercompany debts is complex and as such a significant amount of time has had to be spent reconciling the amounts owed across the Companies. Based on the current information, the Joint Administrators believe that the Company is due funds from intercompany debts. However, the amount realised will be dependent upon whether the level of realisations in the debtor company are sufficient to enable a distribution to its unsecured creditors. If an unsecured distribution is made, the level of realisation is likely to be negligible and is likely only to represent a minimal amount of the intercompany debt which is owed.

Ministry of Defence

- 3.33 The Company had a contract with the Ministry of Defence (**MOD**) to provide charter flights to various worldwide destinations. This contract was cancelled upon the Company's insolvency and the Joint Administrators have managed to realise a payment of £129,250 from this source. This amount has been received into the Administration bank account.

Cash at bank

- 3.34 The Company's pre-appointment bankers are currently reconciling their positions with regard to the various banking facilities in place, once this is finalised any credit balances will be transferred to the Administration bank accounts. Some of the funds are subject to set off and thus the exact amount which will be realised from this source is currently unclear. However, this matter is currently being resolved. £264 has been received in relation to bank interest on monies held in the Administration bank accounts to date.

4 Administrators' Receipts and Payments

- 4.1 A summary of receipts and payments for the Administration period from the date of my appointment to 24 November 2008 is attached as Appendix B.

5 Financial Position

5.1 Attached as Appendix C is a summary of the Directors' Estimated Statement of Affairs of the Company as at the date of the appointment of the Joint Administrators.

5.2 The Directors engaged BDO Stoy Hayward LLP to prepare the Estimated Statement of Affairs and in accordance with Rule 2.32(1) of the Insolvency Rules 1986, the reasonable costs incurred will be met as an expense of the Administration.

5.3 We have the following observations to make in relation to the Directors' Estimated Statement of Affairs:

Assets

5.4 As per the Directors' Statement of Affairs, the estimated level of realisations from the intercompany debts due from The Really Great Holiday Company plc, Kosmar Villa Holiday plc, Medlife Hotels Limited and Explorer House Limited are £238,603, £78,656, £608 and £5 respectively. Based on current information, the Joint Administrators believe that a dividend may be paid to the unsecured creditors of these companies although any potential distribution is likely to be negligible. However, this cannot be confirmed until all assets have been realised and the Administration finalised.

5.5 The Joint Administrators have spent significant time reconciling and updating the Companies' debtor ledgers to the date of appointment and subsequently pursued those debts which are believed due and payable. After substantial dialogue with a number of debtors, and based upon current realisations, the Joint Administrators believe that the Net Book and Estimated to Realise Values attributed to Trade Debtors are overstated and thus they may not indicate an accurate reflection of the anticipated level of realisations from this source.

5.6 £1,362,646 has been attributed to monies held in pre-appointment bank accounts which may be subject to set off as detailed in section 3.34 and thus the amount which is due from this source is currently in the process of being resolved.

Liabilities

5.7 The Directors have apportioned the CAA's potential unsecured non-preferential claims across all of the Companies. Until all ATOL claims are finalised by the CAA, and its claims submitted in the relevant Companies we will not know with any certainty the level of the CAA's potential claim in each.

5.8 Due to the nature of the Companies' operations and businesses, there are certain liabilities for which the Companies may be jointly and severally liable, and certain creditors therefore

may have rights of subrogation. Until the Joint Administrators undertake a claims agreement process in those entities in which an unsecured distribution becomes payable, the full extent of the unsecured liabilities cannot currently be ascertained.

- 5.9 The Directors' Estimated Statement of Affairs does not include provisions for the costs of realisations.

6 Proposals

It is proposed that the Joint Administrators continue to manage the affairs of the Company in order to achieve the objective of the Administration. In the circumstances it is proposed that:

- 6.1 The Joint Administrators continue to realise the assets and manage the orderly wind down of the Company in order to achieve the intended objective(s) outlined above in Section 3.3.
- 6.2 If having realised the assets of the Company, the Joint Administrators believe that a distribution will be made to the unsecured creditors, they propose filing a notice with the Registrar of Companies which will have the effect of bringing the appointment of the Administrators to an end and will move the Company automatically into Creditors' Voluntary Liquidation (CVL) in order that the distribution can be made. In these circumstances, it is proposed that the Joint Administrators will become the Joint Liquidators of the CVL. See Section 7 below on **Exit Routes** for further information on this process.
- 6.3 If the Joint Administrators believe that the Company has no property which might permit a distribution to its creditors, they will file a notice with the Court and the Registrar of Companies for the dissolution of the Company. See Section 7 below on **Exit Routes** for further information on this process.
- 6.4 The Joint Administrators shall do all such other things and generally exercise all of their powers as contained in Schedule 1 of the Insolvency Act 1986, as they consider desirable or expedient to achieve the statutory purpose of the Administration.
- 6.5 If the creditors consider establishing a Creditors' Committee and if any such Committee is formed they be authorised to sanction the basis of the Joint Administrators' remuneration and any proposed act on the part of the Joint Administrators without the need to report back to a further meeting of creditors generally, to include any decision regarding the most appropriate exit route from the Administration.
- 6.6 Where no Creditors' Committee is appointed, the remuneration of the Joint Administrators shall be fixed by reference to time properly spent by them and their staff in managing the Administration.

- 6.7 The Joint Administrators be authorised to draw remuneration as and when funds are available on account of their time costs.
- 6.8 The Joint Administrators' will be discharged from liability under Paragraph 98 of Schedule B1 to the Insolvency Act 1986 immediately upon their appointment as Administrators ceasing to have effect.

7 Exit Routes

Creditors Voluntary Liquidation

- 7.1 The Joint Administrators currently believe that a dividend may be payable to the unsecured creditors of the Company. If this is the case a notice will be filed with the Registrar of Companies in order that the Administration will cease and the Company will move automatically into CVL in order to make a distribution. In this case it is proposed that the Joint Administrators will also become the Joint Liquidators of the CVL.
- 7.2 Creditors have the right to nominate an alternative liquidator of their choice. To do this, creditors must make their nomination in writing to the Joint Administrators prior to these proposals being approved. Where this occurs, the Joint Administrators will advise creditors and provide the opportunity to vote. In the absence of a nomination, the Joint Administrators will automatically become the Joint Liquidators of the subsequent CVL.

Dissolution of the Company

- 7.3 Alternatively, if having realised the assets of the Company the Joint Administrators subsequently determine that the Company has no property which might permit a distribution to its creditors, a notice will be filed together with a final progress report at Court and with the Registrar of Companies for the dissolution of the Company. Copies of these documents will be sent to the Company and its creditors. The appointment will end following the registration of the notice by the Registrar of Companies.

8 Administrators' Remuneration

- 8.1 The Joint Administrators' time costs at 24 November 2008 are £46,319 plus disbursements of £2,485. This represents 185 hours at an average rate of £251 per hour. A copy of "A Creditors' Guide to Administrators' fees can be downloaded from the Insolvency Practitioners Association Website (www.insolvency-practitioners.org.uk – select "Technical" "Creditors Guides to Fees" and then the Administration Guide). If you would prefer this to be sent to you in hard copy please contact us and we will forward a copy to you. We have also

attached as Appendix D a Time Analysis which provides details of the activity costs incurred by staff grade to the above date. We propose drawing fees in accordance with the proposals outlined above.

- 8.2 Attached as Appendix E is additional information in relation to our policy on staffing, the use of sub-contractors, disbursements and details of our current charge-out rates by staff grade.

Administration and Planning

The time recorded here reflects the statutory duties of the Joint Administrators including initial notification to creditors and the preparation of creditor reports. In addition, it covers the time spent formulating the strategy of the Administration, internal meetings and case related travel time.

Investigations

This section relates to time spent investigating the conduct and actions of the Company's directors prior to appointment

Realisation of Assets – Fixed Charge

This refers to time spent dealing with the sale of the Company's fixed charge assets which includes instructing agents, obtaining initial valuations and conducting negotiations with interested parties.

Realisation of Assets – Debtors

The work involved within this area covers the extensive time taken to reconcile the Company's debtor ledger to the date of appointment and the subsequent actions required to recover the book debts.

Realisation of Assets – Floating Charge

This refers to time spent dealing with the sale of the Company's floating charge assets which includes instructing agents, obtaining initial valuations and negotiations with interested parties. In particular, this section includes the extensive amount of due diligence and time connected with the marketing and potential sale of the Company's brands.

Trading

The time recorded here includes the ongoing day to day management and wind down of the Company, along with preparation of cash flow forecasts and maintaining funding requirements. This reflects the time spent reconciling and finalising the accounts and ledgers

to the date of the appointment and ensuring that a potential sale of the Company's assets and brands would not be jeopardised.

Creditors

This area reflects the time incurred dealing with the large volume of both customer and trade creditors of the Company, including telephone calls and emails, which were substantial. The time spent dealing with employees is also recorded here.

9 Estimated Outcome

- 9.1 The Company granted fixed and floating charges to Straumur on two occasions: 31 July 2008 and 18 August 2008.
- 9.2 The Joint Administrators engaged Jones Day to review the various charges registered against this entity.
- 9.3 It is believed that Straumur's fixed charge is supported by a cross guarantee provided by all of the Companies with the exception of Kosmar Villa Holidays plc.
- 9.4 The Joint Administrators' believe that there may be sufficient funds remaining after professional costs from fixed realisations to enable a distribution to Straumur under its fixed charge.
- 9.5 Based on the directors' Estimated Statement of Affairs attached to this report the estimated amount owed to the preferential creditors is £9,700.
- 9.6 Based upon the current estimated financial position the Joint Administrators' believe that the net realisations within the Administration may be sufficient to enable a distribution to the preferential creditors. However, this cannot be confirmed until all assets have been realised and the Administration finalised.
- 9.7 Jones Day has advised that, because the Company granted the floating charge to Straumur within 12 months of the commencement of the Administration, if the Company was insolvent (within the meaning of Section 123 of the Insolvency Act 1986 (the Act)) at the time the floating charge was granted, or became insolvent (within the meaning of Section 123 of the Act) as a consequence of the transaction pursuant to which the floating charge was granted, Section 245 of the Act will apply to the floating charge.
- 9.8 Jones Day also advised that if Section 245 of the Act does apply, the floating charge will be invalid save to the extent of new monies provided to the Company on or after the date that the floating charge was granted and in consideration for the grant of the floating charge.

- 9.9 The Joint Administrators believe that since no new monies were advanced to this entity following the registration of Straumur's charge, the floating element of the charge is invalid in accordance with Section 245 of the Act.
- 9.10 Based on the directors' Estimated Statement of Affairs attached to this report the estimated amount owed to the unsecured creditors is £199,973,029.
- 9.11 As Straumur's floating charge post-dates the introduction of the Enterprise Act 2002 on 15 September 2003, ordinarily there would be a requirement to set aside an "Unsecured Creditors' Fund". In these circumstances, the Joint Administrators would have an obligation to ring fence a proportion of the floating charge realisations for unsecured creditors under S176A (2) of the Act. These funds are called the Prescribed Part. However as detailed above under Section 245 Straumur's floating charge is believed to be invalid and therefore the Prescribed Part is unlikely to apply.
- 9.12 Based upon the current estimated financial position the Joint Administrators' believe that the net realisations within the Administration may be sufficient to enable an ordinary distribution to the unsecured creditors. However, this cannot be confirmed until all assets have been realised and the Administration finalised.

10 Statement of Proposals

- 10.1 On 27 October 2008 an order was made by the High Court (on application by the Joint Administrators) extending the time for distributing the Joint Administrators Statement of Proposals to 4 December 2008.

11 Next Report

- 11.1 The Joint Administrators are required to provide a progress report within one month of the end of the first six months of the Administration.

12 Meeting of Creditors

- 12.1 An initial meeting of the Company's creditors is being convened to approve the Administrators' proposals. The meeting will be held on 17 December 2008 at 10.00am at Wembley Arena, Arena Square, London, HA9 0DH.

EXCEL AVIATION LIMITED - IN ADMINISTRATION

For and on behalf of
Excel Aviation Limited – In Administration

Nick Cropper

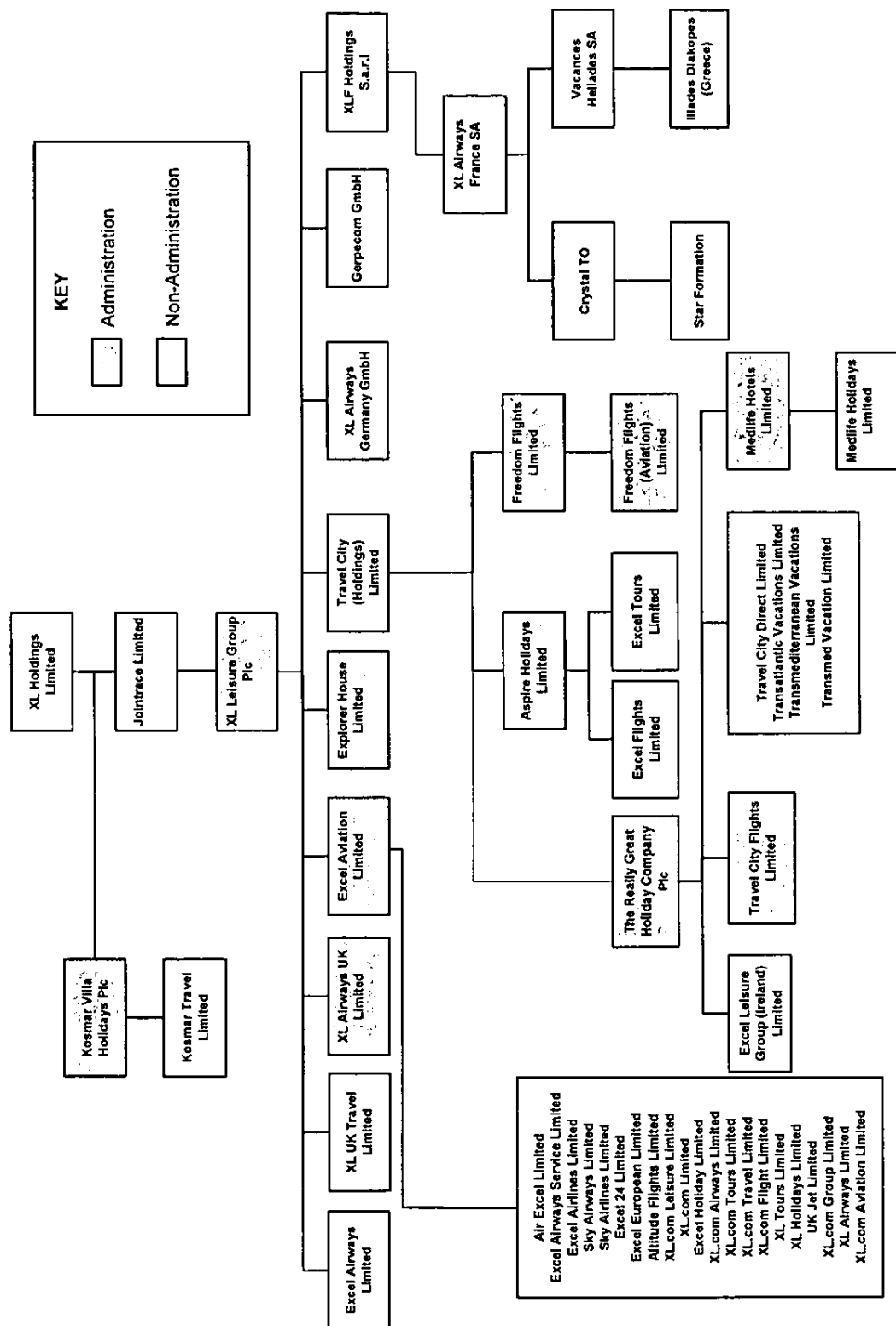
M N Cropper
Joint Administrator

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EXCEL AVIATION LIMITED - IN ADMINISTRATION

Group Structure

Appendix A



EXCEL AVIATION LIMITED - IN ADMINISTRATION

Receipts and Payments Account for the Period from 12 September 2008 to 24 November 2008

Appendix B

	Fixed Charge £	Floating Charge £	Total £
RECEIPTS			
Book Debts		23,848.76	23,848.76
MOD Refund		129,500.00	129,500.00
Loan Funding from Straumur		50,000.00	50,000.00
CAA Funding		6,827.13	6,827.13
Bank Interest		264.67	264.67
TOTAL RECEIPTS	0.00	210,440.56	210,440.56
PAYMENTS			
Professional Fees		159.38	159.38
Wages & Salaries		8353.27	8,353.27
Consultancy Fees		1070	1,070.00
Stationery & Postage		257.04	257.04
Storage Costs		250	250.00
Redirection of Mail		99.6	99.60
PAYE and NI Contributions		3612.9	3,612.90
Pension Contributions		838.55	838.55
Bank Charges		50	50.00
VAT Receivable		72.87	72.87
TOTAL PAYMENTS	0.00	14,763.61	14,763.61
Balances in Hand	0.00	195,676.95	195,676.95

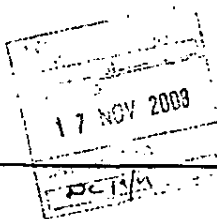
Summary of the Directors' Estimated Statement of Affairs of the
Company as at 12 September 2008

Appendix C

Rule 2.29

Form 2.14B

Statement of affairs



Name of Company EXCEL AVIATION LIMITED	Company number 03720912
In the HIGH COURT OF JUSTICE <small>(full name of court)</small>	Court case number No 7851 of 2008

(a) Insert name and address of registered office of the company: Statement of affairs of Excel Aviation Limited, Explorer House, Fleming Way, Crawley, West Sussex RH10 9EA.

(b) Insert date: On the 12 September 2008, the date that the company entered administration.

Statement of Truth

I believe that the facts stated in this statement of affairs are a full, true and complete statement of the affairs of the above named company as at 12 September 2008, the date that the company entered administration.

Full name: NEIL MORRIS
 Signed: *Neil Morris*
 Dated: 13th NOV 2008

EXCEL AVIATION LIMITED

A - Summary of Assets

Assets	Book Value £	Estimated to Realise £
Assets specifically pledged:		
None	-	-
Assets not specifically pledged:		
Intercompany receivables		
- XL Holdings Limited	6,100,073	-
- Freedom Flights Limited	39,245,416	-
- Explorer House Limited	251,573	5
- Medlife Hotels Limited	212,062	608
- Kosmar Villa Holidays Plc	6,726,102	78,656
- The Really Great Holiday Company Plc	5,943,762	238,603
Trade debtors	5,123,441	425,538
Prepayments	3,462	-
Landsbanki accounts	1,362,646	-
	64,968,538	743,410
Estimated total assets available for preferential creditors	64,968,538	743,410

Signature



Date

13th Nov 2008

EXCEL AVIATION LIMITED

A1 - Summary of Liabilities

		Estimated to Realise £
Estimated total assets available for preferential creditors (carried from page A)		743,410
Liabilities:	£	
Preferential creditors - Employees	9,700	(9,700)
Estimated deficiency/surplus as regards preferential creditors		733,710
Estimated prescribed part of net property where applicable (to carry forward)	£	-
Estimated total assets available for floating charge holders		733,710
Debts secured by a floating charge:	£	
None	-	-
Estimated deficiency/surplus of assets after floating charges	£	733,710
Estimated prescribed part of net property where applicable (brought down)	-	-
Total assets available to unsecured creditors		733,710
Unsecured non-preferential claims:	£	
Shortfall from Straumur fixed charge	4,237,747	
Straumur unsecured loan guarantee	30,121,795	
Intercompany payables		
- XL Airways (UK) Limited	74,010,136	
- XL Leisure Group Plc	733,552	
- XL Leisure Group (Ireland) Limited	827,270	
- XL Airways France SA	21,997	
Trade creditors	1,730,669	
Other creditors - sales deposits	485,923	
Corporation tax	1,621,194	
CAA - call under ATOL bond	60,214,871	
CAA - repatriation costs	25,918,635	
Employees	49,440	
		(199,973,029)
Estimated deficiency after floating charge where applicable (brought down)		-
Estimated deficiency/surplus as regard creditors		(199,239,319)
Issued and called up capital:	£	
Ordinary share capital	400,000	(400,000)
Estimated total deficiency/surplus as regards members		£(199,639,319)

Signature



Date

13th Nov 2008

EXCEL AVIATION LIMITED - IN ADMINISTRATION

Time Analysis for the Period from 12 September 2008 to 24 November 2008

Appendix D

12 September 2008 to 24 November 2008

	Employee Grade (Hours)				Hours To Date	Total Cost (£s)	Average Rate p/h
	Partner / Director	Senior Associate	Associate / Analyst	Junior Analyst / Support			
ADMINISTRATION AND PLANNING							
Strategy and Control	4.00	16.50	9.70	0.30	30.50	9,463.00	310
Bank and Creditor Reporting	0.70	1.20	24.10	1.40	27.40	6,938.00	253
Creditors Committee	0.00	0.00	0.00	0.00	0.00	0.00	0
Statutory Duties	0.10	0.10	2.40	3.10	5.70	1,108.50	194
Job Administration	0.00	0.20	7.80	12.60	20.60	3,629.00	176
Cash Accounting and Time Records	0.30	0.10	3.40	8.10	11.90	2,306.50	194
Case Related Travel Time	1.50	0.00	0.40	0.00	1.90	696.00	366
Case Closure	0.00	0.00	0.00	0.00	0.00	0.00	0
Internal Documentation and IT	0.00	0.00	0.40	0.00	0.40	108.00	270
ADMINISTRATION & PLANNING Total	6.60	18.10	48.20	25.50	98.40	24,249.00	246
INVESTIGATIONS							
D Reports	0.00	0.00	0.00	0.30	0.30	37.50	125
Other Investigations	0.00	0.00	0.20	0.00	0.20	54.00	270
Internal Documentation	0.00	0.00	0.00	0.00	0.00	0.00	0
INVESTIGATIONS Total	0.00	0.00	0.20	0.30	0.50	91.50	183
REALISATION OF ASSETS - FIXED CHARGE							
Initial Actions and Valuations	0.00	0.00	0.50	0.00	0.50	135.00	270
Sale of Assets	0.50	0.00	0.00	0.00	0.50	247.50	495
Insurance	0.00	0.00	0.00	0.00	0.00	0.00	0
Litigation	0.00	0.00	0.00	0.00	0.00	0.00	0
Internal Documentation	0.00	0.00	0.00	0.00	0.00	0.00	0
REALISATION OF ASSETS - FIXED CHARGE Total	0.50	0.00	0.50	0.00	1.00	382.50	383
REALISATION OF ASSETS - DEBTORS							
Debt Collection	1.00	16.00	8.60	14.90	40.50	9,784.50	242
Debtors Litigation	0.00	0.00	0.00	0.00	0.00	0.00	0
Crown Debtors	0.00	0.00	0.00	0.00	0.00	0.00	0
Internal Documentation	0.00	0.00	0.70	0.00	0.70	189.00	270
REALISATION OF ASSETS - DEBTORS Total	1.00	16.00	9.30	14.90	41.20	9,973.50	242
REALISATION OF ASSETS - FLOATING CHARGE							
Initial Actions and Valuations	11.00	0.00	1.00	0.00	12.00	4,670.00	389
Sale of Assets	0.00	0.00	0.00	0.00	0.00	0.00	0
Insurance	0.00	0.00	0.00	0.00	0.00	0.00	0
Retention of Title	0.00	0.00	0.00	0.00	0.00	0.00	0
Hire Purchase / Leased Assets	0.00	0.00	0.00	0.00	0.00	0.00	0
Litigation	0.00	0.00	0.00	0.00	0.00	0.00	0
Internal Documentation	0.00	0.00	1.20	0.00	1.20	291.00	243
REALISATION OF ASSETS - FLOATING CHARGE Total	11.00	0.00	2.20	0.00	13.20	4,961.00	376
TRADING							
Initial Actions	1.10	0.00	1.40	1.10	3.60	1,060.00	294
Cash Accounting	0.00	0.00	6.00	0.10	6.10	1,452.50	238
Ongoing Trading Activities	0.10	0.10	2.80	0.00	3.00	744.50	248
Internal and External Documentation	0.00	0.00	0.00	0.10	0.10	12.50	125
TRADING Total	1.20	0.10	10.20	1.30	12.80	3,269.50	255
CREDITORS							
Creditor Dealings	0.10	3.00	1.90	8.50	13.50	2,560.50	190
Creditor Claims	0.00	0.00	0.00	0.00	0.00	0.00	0
Litigation	0.00	0.00	0.00	0.00	0.00	0.00	0
Shareholders / Bankrupts	0.00	0.00	0.00	0.00	0.00	0.00	0
Internal Documentation	0.00	0.00	0.70	0.00	0.70	171.00	244
Employees	0.20	0.00	1.30	1.80	3.30	660.00	200
CREDITORS Total	0.30	3.00	3.90	10.30	17.50	3,391.50	194
Total	20.60	37.20	74.50	52.30	184.60	46,318.50	251

**Additional Information in Relation to Administrators' Fees Pursuant to
Statement of Insolvency Practice 9**

Appendix E

1 Policy

Detailed below is Zolfo Cooper's policy in relation to:

- staff allocation and the use of sub-contractors;
- professional advisors; and
- disbursements.

1.1 *Staff Allocation and the use of Sub-contractors*

Our general approach to resourcing our assignments is to allocate staff with the skills and experience to meet the specific requirements of the case.

The constitution of the case team will usually consist of a Partner, a Senior Associate, an Associate and an Analyst. The exact constitution of the case team will depend on the anticipated size and complexity of the assignment and the experience requirements of the assignment. On larger, more complex cases, several staff at all grades may be allocated to meet the demands of the case. Our charge out rate schedule below provides details of all grades of staff and their experience level.

With regard to support staff, we would advise that time spent by cashiers in relation to specific tasks on an assignment is charged. Only if there is a large block of time incurred by a member of the secretarial team, eg, report compilation and distribution, do we seek to charge and recover our time in this regard.

We have not utilised the services of any sub-contractors in this case.

1.2 Professional Advisors

On this assignment we have used the professional advisors listed below. We have also indicated alongside, the basis of our fee arrangement with them, which is subject to review on a regular basis.

Name of Professional Advisor	Basis of Fee Arrangement
Freshfields Bruckhaus Deringer LLP (legal advice)	Hourly rate and disbursements
Willis Limited (insurance)	Risk based premium
BDO Stoy Hayward LLP (tax advice)	Hourly rate and disbursements
Jones Day (security review)	Hourly rate and disbursements
Edward Symmons (valuation and disposal advice)	Percentage of realisations
Twice2much Ltd (duplicate payments review)	Percentage of realisations
PAYCO (ERA claims)	Hourly rate and disbursements

Our choice was based on our perception of their experience and ability to perform this type of work, the complexity and nature of the assignment and the basis of our fee arrangement with them.

1.3 Disbursements

Category 1 disbursements do not require approval by creditors. The type of disbursements that may be charged as a Category 1 disbursement to a case generally comprise of external supplies of incidental services specifically identifiable to the case, such as postage, case advertising, invoiced travel and external printing, room hire and document storage. Also chargeable will be any properly reimbursed expenses incurred by personnel in connection with the case.

Category 2 disbursements do require approval from creditors. These disbursements can include costs incurred which relate to payments due to associated companies for the provision of services to the office holder. To date, no Category 2 disbursements have been incurred.

2 Charge-out Rates

A schedule of Zolfo Cooper charge-out rates for this assignment effective from 1 January 2008 is detailed below.

	(Per hour) £
Partner/Director:	
Partner 1*	495
Partner 2*	445
Director	400
Senior Associate:	
Senior Associate 1*	350
Senior Associate 2*	325
Associate/Analyst:	
Associate	270
Analyst*	240
Junior Analyst and Support Staff:	
Junior Analyst*	125
Senior Treasury Associate	195
Treasury Associate	135
Treasury Analyst	80
Support	80
*Key	
Partner 1 – Partners with 3 or more years experience at partner level	
Partner 2 – Partners with less than 3 years experience at partner level	
Senior Associate 1 – Staff who have been Senior Associates for over 2 years	
Senior Associate 2 – Staff who have been Senior Associates for less than 2 years	
Analyst – Staff who have been Analysts for more than 1 year	
Junior Analyst – First year Analysts	