

Dated: 29 August 2016

Notice To All Employees

**McAleese Limited (Administrators Appointed)(Receivers & Managers Appointed) ACN 156 354 068
And subsidiaries as listed in Annexure A
(collectively "the McAleese Group")**

Employee Frequently Asked Questions

Joseph Hayes, Jason Preston, Jamie Harris and Keith Crawford were appointed joint and several Voluntary Administrators ("Administrators") of the McAleese Group on 29 August 2016. Please refer to Annexure A for a complete list of the entities over which the Administrators are appointed.

The purpose of this document is to answer some immediate frequently asked questions that employees may have about the Administration. The Administrators will update employees regularly on the status of the Administration and their employment, particularly in the early phases while we undertake a financial and operational assessment of the McAleese Group on a business-by-business basis.

Employees should direct any additional questions to their supervisor in the first instance, and then to the Administrators' representatives. The Administrators will also add to this document as required and updated versions may be accessed on the McGrathNicol website and the McAleese Group website.

In this document, any reference to wages includes employees paid either on hourly-based or salary-based wages.

For the additional information of employees, the following are attached:

- the Administrators' media release (Annexure B); and
- ASIC's "Voluntary administration: a guide for employees" (Annexure C).

The Administrators act as agents of the McAleese Group. By issuing this information sheet, the Administrators are not adopting any contract of employment that exists, or may have existed, between any employee and any member company of the McAleese Group.

Will my wages be paid up to date?

The Administrators will pay any unpaid wages that are owed to you to date.

The Administrators are then personally responsible for paying employee wages for work completed from 29 August 2016 onwards. You will continue to be paid in the usual manner (i.e. payroll will occur in the same frequency as before the administration unless otherwise advised).

The funds will be drawn from the Administrators' bank account and wages paid by the Administrators will refer to 'Administrators Appointed' on the payslips.

Will I be paid the same wage as before?

Yes. While the Administrators do not personally adopt your employment contract, the Administrators will pay wages in accordance with your current contract, award, Enterprise Bargaining Agreement or other industrial instrument.

Will my superannuation be paid?

The Administrators will deduct superannuation as usual from your wages and remit to your nominated superannuation fund for the period following the date of their appointment.

Any deductions from your wages for superannuation that were not remitted to your superannuation fund by your employing entity for the period prior to the Administrators' appointment will form part of the claim you have against your employing entity. The Administrators are presently assessing this and will communicate with you further about this as soon as possible.

Will other deductions continue to be made from my wages such as private health, child support and salary sacrifice?

Yes, the Administrators will deduct payments as usual and remit to third parties for the period following the date of their appointment. Any deductions that were not remitted to third parties from your wages by your employing entity prior to the Administrators' appointment will form part of the claim you have against your employing entity.

Can I claim an employee reimbursement?

If you need to incur an expense in the ordinary course of business, please seek approval in the normal way prior to the expense being incurred.

Will I continue to accrue leave?

Yes, during the Administration you will continue to accrue annual, long service and sick leave and other entitlements.

I have been approved to take leave after 29 August 2016. Can I still take leave and will it be paid?

Until further notice, any leave that has been approved prior to the administration will be honoured and paid as usual.

I would like to take leave in the future but have not put in a leave request form. What should I do?

Leave should be applied for in the normal way for consideration by your supervisor or manager, who should then consult with the Administrators.

Will I receive a redundancy payment if I resign?

No, you are not entitled to any redundancy payment if you resign.

Will I receive a payment summary for FY17?

Yes.

The payroll team for your employing entity will prepare payment summaries for the period 1 July 2016 to 29 August 2016. These will be issued to you as normal after the end of the 2017 taxation year.

The Administrators are responsible for preparing and distributing payment summaries for the period from 29 August 2016 onwards.

Will we be provided with a detailed breakdown of our entitlements, set out under various headings such as accrued annual leave and accrued long service leave? If so, when will this occur?

You will be provided with a breakdown of your entitlements as soon as possible. The Administrators are currently checking the calculation of outstanding entitlements and will provide you with this information in due course.

What happens to my pre-appointment leave balances?

You will have a claim against your employing entity for entitlements that accrued before the Administrators' appointment. This includes your pre-administration leave accruals (including long service leave and annual leave).

How you claim or get access to your pre-administration entitlements will depend on the ultimate outcome of the Administration.

The Administrators are likely to attempt to sell certain business units as going concern entities. In this case, there may be an opportunity for ongoing employment and transfer of your pre-administration entitlements to a purchaser. Alternatively, a Deed of Company Arrangement ("DOCA") or DOCAs may be received by the Administrators that may propose transfer of employment and pre-administration entitlements.

In any case, to make a claim against your employing entity you will need to complete a proof of debt form. This form will be mailed to you in due course. You will also receive a summary of your accrued leave balances, which will assist you in filling out the proof of debt form.

In making a claim, you will become a creditor of your employing entity.

What is the first meeting of creditors?

The Administrators are required to hold a meeting of creditors within 8 business days of their appointment. You will receive formal notification of the meeting details for your employing entity over the next few days.

At the meeting, creditors are given the opportunity to replace the Administrators with alternative administrators and to form a committee of creditors. A committee of creditors may be formed, following a vote of creditors, to consult with the Administrators and receive reports on the conduct of the administration. A committee of creditors can also approve the Administrators' fees.

Should I attend the first meeting of creditors?

As creditors, employees are entitled to attend the first meeting of creditors. However, as the meeting will take place on a business day, the Administrators request that employees attend to their usual duties and ask a representative to act as their proxyholder - that may be another employee or a union representative. If you do complete a proxy form (which will be provided to you together with notice of the meeting), please ensure you complete the form for your employing entity within the McAleese Group.

Fair Entitlements Guarantee ("FEG")

In the event that your employing entity goes into liquidation, there is a Government scheme called the Fair Entitlements Guarantee Act ("FEG"). FEG assists employees who have lost their employment due to the liquidation of their employer and who are owed certain employee entitlements.

FEG covers up to 13 weeks unpaid wages, annual leave, long service leave, up to five weeks payment in lieu of notice and up to 4 weeks redundancy pay for each year completed plus a pro-rata for each part year, subject to certain income limits. Please note, FEG is only applicable in the event of liquidation. We will provide more information on FEG in due course.

How certain is my continued employment?

The Administrators' review of staffing requirements will be ongoing and subject to our obligation to endeavour to maximise the chances of the companies, or as much as possible of their businesses, continuing in existence. Further communications will be provided to staff as and when there is greater clarity around options available to the Administrators while seeking to achieve these objectives.

What is the role/authority of the McAleese Group's directors? Do we take direction from them or from the Administrators?

The Administrators make financial and strategic decisions relating to the McAleese Group and have ultimate executive control of the McAleese Group. The McAleese Group's directors' duties are suspended in Administration.

Employees should however still continue to report to their supervisors, managers and business unit heads.

How soon will a decision be made about the future of my employing entity?

A voluntary administrator has a strict timetable to be adhered to.

The first creditors meeting for each employing entity will be held within 8 business days of the date of the Administrators' appointment.

Regular updates will be provided to employees throughout the administration in relation to each entity.

Further information and support

Employees should direct any additional questions to their supervisor in the first instance, and then to the Administrators' representatives. The Administrators will also add to this document as required and updated versions may be accessed on the McGrathNicol website (www.mcgrathnicol.com) and the McAleese Group website.

In addition, employees may email queries to questions@mcaleesegroup.com.au. The Administrators or management will then respond directly or by update to this FAQ.

If you feel you need professional support, please contact the McAleese Group EAP Service on 1300 130 130. The EAP service is completely independent from the McAleese Group and the Administrators. Any discussions you may have with the EAP service are entirely confidential.

Update as at 9 September 2016

When completing forms (i.e. the Census, bank forms and applications), do I list the McAleese Group as my employer?

The McAleese Group is still your employer and should be listed on any census, bank forms and applications you complete. Please note the Administrators do not personally adopt your employment contract.

What will happen if I have to make child support payments?

All scheduled child support payments will be processed in the normal payment structure that was set up prior to 29 August 2016.

If I have been on leave and or away from work recently and was not able to complete the Proof of Debt Claim Form, will this impact my ability to claim my entitlements as an Employee/Creditor?

The Proof of Debt Claim Forms were distributed to allow employees to vote at the first meeting of creditors. Not submitting the form will not impact an employee's ability to claim their entitlements. We will provide further information on how employees may claim their entitlements depending on the outcome of the Administration.

Update as at 11 October 2016

If the administrators have terminated my employment what will happen to my post appointment wages and entitlements?

All unpaid wages and accrued leave entitlements from the commencement of the administration until the date of your termination will be paid by the Administrators shortly after your termination.

If the administrators have terminated my employment what will happen to my pre appointment entitlements?

Employees will be issued with details of their pre-appointment entitlements separately. These will be sent to you at the same address as your termination letter. There will be an opportunity for employees to question or clarify the calculated pre-appointment entitlements with the Administrators.

Certain claims against the companies for certain categories of outstanding employee entitlements, such as wages and leave entitlements, for the period prior to administration may receive priority payment under the Corporations Act. There may be other higher ranking statutory priorities. There must also be sufficient recoveries from a specific class of secured assets to fund payment of the priority claims

At this point, the Administrators are unable to confirm whether there will be sufficient assets available to meet employees' pre-appointment claims. As soon as the position in relation to prior-ranking claims has been clarified and the asset position of the companies has been determined, employees will be advised further.

In the event that the companies are placed into liquidation, employees will be able to access the Fair Entitlements Guarantee scheme ("FEG"). An appointed liquidator will contact employees in this regard if FEG assistance becomes available.

If the administrators have terminated my employment and I have accrued leave (e.g. annual leave, long service leave) during the administration. Will this be paid?

The Administrators are liable to pay annual leave and long service entitlements accrued during the administration. Sick leave is not required to be paid out on termination.

If the administrators have terminated my employment who will issue my PAYG payment summary?

The companies will issue your PAYG payment summary for the pre-administration period.

The Administrators will issue you a PAYG payment summary for the post-appointment period.

If the administrators have terminated my employment will I be paid my RDO entitlement?

Entitlements to RDOs for the period prior to the Administrators' appointment form part of your claim against your employing entity.

The Administrators will make payment for any unused RDOs accrued in the period after their appointment in your final pay.

Enclosure(s):

Annexure A – McAleese Group – entities subject to the Administrators' appointment

Annexure B – Administrators' Media release~~W~~

Annexure C – Voluntary administration: a guide for employees