

MEDIA RELEASE

Thursday, 13 December 2007

O'CONNOR AIRLINES CEASES OPERATIONS

Troubled South Australian regional airline service, O'Connor Airlines, will cease to operate effective Friday evening (14 December 2007), the Voluntary Administrators announced today.

"Despite significant initial interest, there were no offers to acquire the airline as a going concern," Administrator, Mr Sam Davies, of McGrathNicol, said today.

"Ongoing trading losses, declining customer support, flight crew shortages and significant aircraft maintenance issues also contributed to the decision to immediately cease operations.

"Passengers affected by the imminent closure are being contacted by O'Connor Airlines staff.

"All bookings made after 11am on 21 November 2007 for travel that has been cancelled will be refunded by the Administrators.

"Bookings made prior to this time cannot be refunded, and as such, customers will become creditors of the administration. They should make contact with O'Connor Airlines staff immediately".

O'Connor Airlines – a regional airline servicing flights from Adelaide to Mount Gambier and Port Augusta in South Australia and Mildura in Victoria – was placed in Voluntary Administration at the request of the Company's Directors late last month.

The airline company has been providing regional airline services for 34 years, operating flights under an exclusive licence from Adelaide to Port Augusta as well as servicing the Mildura and Mount Gambier routes.

It is understood the collapse of the airline has been caused by a number of factors, including the significant competition on some routes resulting in price discounting which had in turn caused cash losses.

"There have been a number of parties interested in buying specific parts of the O'Connor Airlines business," Mr Davies said.

"The sale will now progress on the break up of the Company's assets."

Mr Davies thanked the key stakeholder groups for their assistance and co-operation during the past three weeks - including employees of O'Connor Airlines, CASA, each of the regional councils, the South Australian Government, Qantas and key suppliers.

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