

13 March 2009

Dear employee of ABC2 Group,

We are writing to provide you with an update on the current status of the ABC2 Group centres.

On 26 February, we wrote to let you know that we had received offers from over 180 parties for one or more centres and that we were working progressively through each offer.

Today we announced that we have requested that the Australian Government approach the NSW Supreme Court to seek a short continuation of our appointment until 15 May 2009.

This short extension is being sought due to the unique nature of the process - we are currently assessing offers from a large and diverse number of parties and negotiating with a range of stakeholders.

While we are satisfied with the progress made to date and the quality of offers, a short extension will provide us with additional time to finalise negotiations with all parties. As we are in confidential negotiations, unfortunately we are unable to provide you with guidance on your specific centre at this stage.

However, as an indication of our progress, we are in the process of exchanging contracts for the sale of the first 65 centres. Pleasingly, there is also strong interest in most of the remaining centres and we are negotiating with landlords to reach agreement with suitable parties. We anticipate that a significant majority of the centres will transfer to new ownership progressively between now and 15 May 2009.

While we expect a significant majority of centres to be sold, there is a risk that suitable operators cannot be identified for all centres. We are very mindful this is an unsettling time for you. Following the Court's ruling in respect to the extension, we will advise you of the future of your centre by no later than 15 April 2009.

In the event that suitable operators for a centre cannot be identified, the Government has decided that staff of ABC2 Group who are made redundant may be eligible for assistance under the General Employee Entitlements and Redundancy Scheme (GEERS). Information on the operation of GEERS is available at www.workplace.gov.au/geers

Meanwhile, we are encouraging potential buyers for the centres to take on existing employees and to honour accrued employee entitlements where possible. Specific information will be provided to you on these matters as and when the future of your centre is determined.

We will continue to keep you informed at all times as further information becomes available.

We thank you again for your continued support.

Stephen Parbery and Daniel Bryant
Court Appointed Receivers
PPB Corporate Recovery

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