

## ***News Release issued by Administrator***

25 March 2010

### **Highland Airways enters into administration**

Bruce Cartwright and Graham Frost of PricewaterhouseCoopers LLP (PwC) in Scotland were appointed as Joint Administrators to Scottish airline, Highland Airways Limited (the 'Company') last night (24 March 2010).

The appointment of Administrators was made at the request of the directors. All flight operations ceased with immediate effect and the CAA has been informed.

Highland Airways, which employs approximately 100 people, operated a fleet of nine aircraft on various contracts including routes from Inverness and Oban to the Western Isles\* as well as Cardiff to Anglesey.

The Company is in contact today with those passengers who had been expecting to travel in the coming weeks.

Bruce Cartwright, joint administrator and head of business recovery services at PricewaterhouseCoopers LLP in Scotland, explained:

“The Company had encountered trading difficulties including the loss of certain contracts. As a result they were in discussion with a number of parties over a period of time with a view to developing a new and viable operating model. The directors have now concluded that the option of maintaining operations while introducing a new investor is no longer feasible.

“As Administrators we are conscious that Highland provided a valuable service within Scotland and Wales and we will be working with contracted customers to ensure an orderly handover of services to new operators wherever feasible. It is inevitable that there will be a substantial number of redundancies but we will endeavour where feasible to assist the work force in securing employment with the new service providers.”

Customers are also advised to visit the Highland Airways website ([www.highlandairways.co.uk](http://www.highlandairways.co.uk)) for further information.

#### **Ends**

#### **Contact:**

Lynn Hunter, PR Manager Scotland, PricewaterhouseCoopers LLP  
Tel: +44 (0)141 355 4015, Mobile: 07841 570487, Email:  
[lynn.m.hunter@uk.pwc.com](mailto:lynn.m.hunter@uk.pwc.com)

#### **Notes to editors:**

Bruce Cartwright will be available for interview and comment. Please contact Lynn Hunter on the number above.

\* Routes included Inverness to Benbecula via Stornoway and Oban to Tiree, Colonsay and Coll

\*\* The Administrators believe there are around 800 forward flights at an approximate value of £50 per flight. Funds for flights booked in the last two months and not flown have been retained separately from company funds.

Highland Airways was established in 1991 (as Air Alba). The company had experienced a period of difficult trading which was further exacerbated by the recent spell of bad weather which grounded the fleet for a significant period and the loss of three contracted routes in the last six months of trading.

Customers who have paid by credit card should contact their card issuer in the first instance to determine whether they can claim a refund under Section 75 of the Consumer Credit Act 1974 and/or their insurance provider. Visa Debit are covered by the Visa/MasterCard scheme rules and again, consumers should contact their card provider.

The Company is unable to offer any refund to customers in respect of cancelled flights. Any claims customers may have in connection with such circumstances should be sent to the Joint Administrators c/o Erskine House, 68-73 Queen Street, Edinburgh EH2 4NH. HBJ Gateley Wareing are acting as legal advisors to the Joint Administrators

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