

Notice from the liquidator of the Swissair Group to creditors and the media

Circular No. 3 from the SAirGroup liquidator sent to creditors – responsibility claims: briefs prepared – Pauliana claims: brief prepared against Deutsche Bank – estimated dividend 2.5% to 15.7%

Küsnacht-Zurich, 16 December 2004. The liquidator of the SAirGroup sent his Circular No. 3 to creditors of the company, post-dated yesterday. The circular is now available on the liquidator's website (www.liquidator-swissair.ch). Circulars will also be sent out over the next few days to the creditors of SAirLines, Swissair Swiss Air Transport Company Ltd and Flightlease AG.

The Circular reports on the liquidator's activities since the end of June 2004. It shows that, over the past few months, it has been possible to collect outstanding accounts receivable in the approximate amount of CHF 25 million. The complicated real estate sale negotiations have been concluded in respect of the catering building in Geneva, the condominium units in Buenos Aires and three properties in Dar-es-Salaam. Meanwhile, the sale process for the remaining real estate continues.

Responsibility claims: briefs prepared

The following transactions, which might be of relevance to the responsibility claims against the governing and executive bodies of SAirGroup, have been investigated in detail:

- Participations in the German charter company LTU,
- Participation in the French airline Air Littoral,
- Participation in the French airlines AOM and Air Liberté,
- Recapitalization of the Belgian airline Sabena in 2001,
- Restructurings between late 2000 and mid-2001,
- SAirGroup financial statements at 31.12.2000 (no notification of over-indebtedness)
- Payments to foreign airline participations and third parties since spring 2001,
- Responsibility of the Statutory Auditor and the Group Auditor in the matters listed.

The claims in question may amount to up to CHF 5 billion. Whether or not litigation can be initiated for the full amount of these claims is still open. Draft briefs have already been prepared in respect of the first five transactions. It is planned to send these briefs to the responsible bodies for comment. Enquiries have not yet been completed regarding the last three matters.

The liquidator and the chairman of the Creditors' Committee, have requested talks with Dr. Markus Notter, member of the governing council of Canton Zurich, with regard to the delays to the criminal investigation.

Pauliana claims: brief prepared against Deutsche Bank

Information was provided in June 2004 about the filing of a Pauliana action against various KPMG companies. Enquiries to date have revealed that, in addition to the payments to the KPMG companies since early 2001, various other payments, which could satisfy the criteria for lodging a Pauliana claim under the Swiss Debt Collection and Bankruptcy Act, have been made to third parties. Specifically, the liquidation bodies believe that payments made to Deutsche Bank between March and September 2001, of around CHF 87 million plus EUR 20 million in the context of an equity swap, are contestable. The draft brief has already been sent to Deutsche Bank AG for comment. Investigations are still underway with regard to further contestable transactions.

Estimated dividend of 2.5% – 15.7%

Work has also progressed on the schedule of claims, which will be submitted to the approx. 15,600 creditors for inspection during the second half of 2005. There are plans prior to this to make a further, voluntary call for creditors' claims for the CHF bonds and the guarantee claims relating to the USD and euro-denominated bonds. The estimated dividend for third-class claims is still put at 2.5% to 15.7%.

The Liquidator's report to the debt restructuring judge on activities for the year 2004 will be drawn up in the first quarter of 2005.

For further information

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