

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

Debt restructuring moratorium extended – Offer period for former Swissair employees extended to 7 January 2003 – Meeting of Creditors of Swissair postponed to 6 March 2003 – Gate Gourmet sale completed – Provisional suspension of payments to early retirees as per Option 96 and Option 2000 protected by Federal Supreme Court – Next media release on 10 January 2003

Küsnacht-Zurich, 20 December 2002. Upon application from the Administrator, the debt restructuring judge in Bülach, in rulings dated 10 December 2002, has extended the debt restructuring moratorium for Flightlease AG by two months and that for Swissair Swiss Air Transport Company Ltd. by four months. On 19 December 2002, the debt restructuring judge extended the debt restructuring moratoria for SAirGroup and SAirLines by two months each. As a result, the debt restructuring moratoria for Flightlease AG, SAirGroup and SAirLines will now run to 5 February 2003, while the Swissair debt restructuring moratorium will continue until 4 April 2003.

Offer period for former Swissair employees extended to 7 January 2003

To date, more than 70% of former Swissair employees – including over 90% of Swissair pilots – have accepted the Swissair offer that would lower the level of privileged claims. The CHF 2.4 billion in privileged claims (including privileged claims from social insurance institutions) originally registered would be reduced to CHF 418 million.

The Administrator continues to receive offer acceptances every day, and there is a good chance that the next few days will bring privileged claims below the threshold that will allow Swissair to secure these claims with its disposable assets. This would fulfil an important precondition for the conclusion of a debt restructuring agreement involving the surrender of assets.

In the light of this positive development, the Administrator believes that it would be wrong to halt debt restructuring proceedings at the present time. Swissair management and the Administrator have decided, with the support of the employee associations, to extend the deadline for offer acceptances up to 7 January 2003. This means that employees who have not yet accepted the offer still be able to have their recognised privileged claims paid out, subject to the conclusion of a debt restructuring agreement, in the course (probably) of Summer 2003.

The privileged claims of those employers who have not accepted the offer by 7 January 2003 will have to be settled in the context of proceedings to determine creditor priority. This will take some time, and it is possible that protracted legal proceedings will have to be held before the final outcome is known.

In order that the procedural steps necessary to bring about a debt restructuring agreement involving the surrender of assets can be completed before the 4 April 2003 deadline set by the judge, the Administrator plans to hold the Meeting of Creditors on 6 March 2003 at the Eulachhalle in Winterthur. All the preparatory work is in train and creditors will receive their invitations to the meeting in good time. With this timetable, it will still be possible for a legally enforceable debt restructuring agreement to be in place by the end of May 2003.

Gate Gourmet sale completed

The sale of the Gate Gourmet Group to the Texas Pacific Group was completed on 19 December 2002. SAirGroup, SAirLines and Swissair have received a total of around CHF 265 million from the sale.

Provisional suspension of payments to early retirees as per Option 96 and Option 2000 protected by Federal Supreme Court

In its judgment of 2 December 2002, the Swiss Federal Supreme Court ruled that the Administrator acted lawfully in instructing SAirGroup temporarily to suspend payments to early retirees in accordance with Option 96 and Option 2000. The Court ruled that there were no grounds for favouring this creditor category at the expense of the other creditors. Payments from the Swissair Group pension fund are not affected by the decision, and the fund will continue to pay benefits to retirees as per its contractual obligations.

No media release over Christmas and the New Year

Unless anything unforeseen occurs, the next notice to creditors and the media will be issued on Friday 10 January 2003.

For further information

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