

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

**Widespread approval of Administrator's proposal from former Swissair employees – Sale of SR Technics Switzerland completed**

Küsnacht-Zurich, 10 January 2003. On 2 December 2002, the Administrator of the Swissair Group, Karl Wüthrich of Wenger Plattner, wrote to each of the 6000-plus employees who were still working actively for Swissair Swiss Air Transport Company when the debt restructuring moratorium was announced. In his letter, Mr Wüthrich made the employees an offer for the settlement of their privileged claims against the company. The purpose of the offer was to reduce the registered privileged claims of CHF 2.4 billion – contrasting with around CHF 400 million in assets (CHF 350 million of which is in the form of liquid funds) – to a reasonable volume. During the extended acceptance period, which ended on 7 January 2003, more than 83% of the former employees – including over 94% of pilots – gave their approval to the offer. Their acceptance reduces the CHF 2.4 billion of privileged claims originally registered to a figure of CHF 330 million, which can be secured from disposable liquid assets of more than CHF 350 million. It also fulfils one of the key conditions for the conclusion of a debt restructuring agreement involving the surrender of assets.

Preparations are already in full swing for the Meeting of Creditors of Swissair Swiss Air Transport Company Ltd., which will take place on 6 March 2003 at the Eulachhalle in Winterthur. At this meeting, the Administrator will brief creditors on issues including the draft debt restructuring agreement, which will also include the agreement reached with former employees to reduce their privileged claims. Creditors will then be given the opportunity to vote on the debt restructuring agreement. It will be deemed to have been accepted if it is approved by more than half of the creditors holding at least two thirds of the voting claims, or a quarter of creditors holding at least three quarters of voting claims. The debt restructuring agreement must then be approved by the judge.

If the debt restructuring agreement comes into being, the registered privileged claims of those employees who have accepted the Administrator's offer are likely to be paid out during the summer of 2003.

Settlement of the privileged claims of those employees who have not accepted the offer will have to be made in the context of the proceedings to determine creditor priority. These will take considerable time, and it is possible that the final outcome will not be known until after long and drawn-out legal proceedings have been held. The Administrator believes that a settlement reached through proceedings to determine creditor priority will result in these privileged claims being reduced.

## **Sale of SR Technics Switzerland completed**

Late December 2002 saw the completion of the sale of SR Technics Switzerland to an investment consortium led by the 3i Group. The contract was approved – where his approval was required – by the debt restructuring judge in his ruling of 19 December 2002. The full sale price of CHF 508.1 million was distributed as follows: CHF 182.4 million to SAirGroup, CHF 36.9 million to SAirLines and CHF 174.3 million to the parent company, the SR Technics Group. A total of CHF 114.5 million has been transferred provisionally to escrow accounts as security against guarantees and legal risks. The money will revert to the seller, the SR Technics Group, if the risks do not become reality.

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### **Further information**

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