

Media release

Swissair Group provisional administrator's weekly situation report

Küsnacht, Zurich, 26 October 2001. Last Monday's decision to finance a Swiss intercontinental airline by joint effort of the Swiss Confederation, the cantons and business makes sense from the point of view of Swissair Group. In fact the solution found will secure jobs. The provisional administrator is delighted for all Swissair Group employees and for the indirectly affected companies which will benefit from this decision.

The creditors of the companies now under a provisional debt-restructuring moratorium are also expected to benefit. The number of privileged claims (employee wage payments and welfare plans) will presumably be reduced, as some Swissair Group employees will find new positions. Fewer privileged claims will mean that more assets of the individual companies can be allocated to the remaining creditors.

The finance must be structured to ensure that there is no loss to the existing creditors of the companies now under moratorium. The provisional administrator is seeking solutions to the complex legal and material problems with the other interested parties, specifically the Swiss federal authorities and the management of the companies concerned.

Already it is clear that the funds promised by the Swiss Confederation for the provisional continuation of Swissair's middle- and long-haul operations are tight and that far-reaching cutbacks will be necessary in all areas. This will be a priority aspect of the provisional administrator's future decisions.

Banks give go-ahead to bridging credit

The banks, Credit Suisse and UBS, have already announced that, after inquiries, they have decided to grant direct bridging credits to individual, airline-related companies. To date credits amounting to CHF 70 million have been promised.

Creditor received payments just before the moratorium

Investigations conducted at Swissair Group at the request of the provisional administrator have shown that the London consulting firm KPMG received payment, immediately before the provisional debt-restructuring moratorium was granted, for consultancy services rendered. In the course of the debt-restructuring proceedings it will be the task of the organs which were responsible at the time to assess the legal status of this payment.

Sale of holdings: no bids yet received

The Swissair Group managers responsible are engaged in negotiations for the sale of the following companies: Swissport, Gate Gourmet, The Nuance Group, Restorama, Rail Gourmet

and Gourmet Nova. So far neither the provisional administrator nor the judges, who are ultimately responsible for ruling on these sales, have received definite bids for these companies.

Clearing systems up and running again

The provisional administrator has made the necessary arrangements for the resumption of clearance of payments via the IATA Clearing House. The Clearing House serves for the reciprocal clearance of claims and debts arising from services provided by one airline to another. Several airlines suspended clearance of their payments via the IATA Clearing House when news of the debt-restructuring moratorium became public.

As for the BSP agency clearing system, the provisional administrator has sought dialogue with the BSP managers. Pragmatic solutions have been found which should make it possible for the BSP system to resume operations in the next few days.

For further information

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