

Media Release

Weekly situation report from the provisional administrator of Swissair Group

Küsnacht, Zurich, 12 October 2001. The provisional administrator of Swissair Group, Mr Karl Wüthrich, attorney-at-law, of the law firm Wenger Plattner, and his staff have been engaged in talks round the clock since the start of their assignment a week ago. The provisional administrator has held discussions with the Board of Directors and Group Management of Swissair Group, with the managers of the individual companies and with representatives of their employees. The main focus of these discussions has been the many financial needs of the concerned companies, most of which the provisional administrator has not been able to approve. Nevertheless he has tried to identify possible ways of ensuring the liquidity of the individual companies. The provisional administrator has also held daily meetings with the banks and representatives of the Swiss federal authorities. At these meetings there has been intense discussion about putting together the bridging credit. The provisional administrator and his staff have done their utmost to achieve a quick solution to pressing problems.

Role and priorities of the provisional administrator

The difficulties of Swissair Group and all the possibilities now open for resolving them are of national economic importance. They also have painful consequences for employees, customers and suppliers. It is the sole duty of the provisional administrator to safeguard the interests of the creditors of SAirGroup, SAirLines, Flightlease AG, Swissair Schweizerische Luftverkehr AG, Swisscargo AG and Cargologic AG. The privileges of individual groups of creditors are not a factor at the present stage of the proceedings.

The provisional administrator supports the managers of Swissair Group and the Government within the scope of the powers granted to him by law by seeking solutions which will allow the continued operation of Swissair, Crossair and Zurich Airport on reasonable economic terms. He is engaged in an active exchange of information with these interested parties and the task forces. As the representative of the creditors' interests, the provisional administrator must only lend his support to business solutions which are not prejudicial to the interests of creditors. The provisional administrator's room for action is severely restricted but, where he is able and authorised to take discretionary decisions, his priorities are as follows:

- the long-term interests of creditors; and
- securing jobs for employees and safeguarding national economic benefit and therefore also the image of Switzerland.

Concerns about the bridging credit as originally envisaged

A bridging credit from the banks to SAirLines amounting to CHF 250 million was intended to ensure continued operation of flights in the interim. From Swissair Group's point of view the credit is necessary, and it is reasonable in a national economic sense. Even taking the widest interpretation of the discretion allowed to him, the administrator has been unable to approve the

credit in its original form because it might have been detrimental to the interests of the creditors of SAirLines, including employees and pensions funds.

The banks are now considering granting credit direct to the individual airline-related companies. The provisional administrator will endeavour to ensure that the necessary liquid funds are made available to these companies.

Note to the media

In the coming weeks the provisional administrator plans to give a written report, as a rule on Friday afternoons, about the latest developments at Swissair Group of relevance to his activity. He hopes it will be understood that, due to lack of time, he cannot give separate answers to the many individual questions. He will, instead, deal with the major topics of the moment in his weekly situation report.

Further information is available from:

- The provisional administrator's website: www.sachwalter-swissair.ch
- Filippo T. Beck at Wenger Plattner, telephone 01 914 27 70, fax 01 914 27 88