

**SAirGroup AG**  
**in debt restructuring liquidation**

**Circular No. 32**

**[www.liquidator-swissair.ch](http://www.liquidator-swissair.ch)**

**Hotline SAirGroup AG  
in debt restructuring liquidation**

**Deutsch: +41-43-222-38-30**

**Français: +41-43-222-38-40**

**English: +41-43-222-38-50**

**Unofficial Translation  
of German Original**

Wenger Plattner  
Seestrasse 39 | Postfach  
CH-8700 Küsnacht-Zürich

T +41 43 222 38 00  
F +41 43 222 38 01  
www.wenger-plattner.ch

**Karl Wüthrich**, lic. iur.  
Rechtsanwalt | Attorney at Law  
swissair@wenger-plattner.ch  
Eingetragen im Anwaltsregister

To the creditors of SAirGroup AG  
in debt restructuring liquidation

Küsnacht, May 2019

**SAirGroup AG in debt restructuring liquidation;  
circular no. 32**

Dear Sir or Madam,

This circular provides information on the current status of the SAirGroup AG debt restructuring liquidation proceedings, as well as on how these proceedings are scheduled to progress over the coming months.

**I. PUBLICATION OF SUPPLEMENT NO. 5 TO THE SCHEDULE OF CLAIMS**

Since the publication of the schedule of claims and supplements no. 1 - 4, an additional previously suspended claim has been assessed. For this reason, supplement no. 5 to the schedule of claims has been published.

Supplement no. 5 to the schedule of claims is available for inspection by creditors from 3 May to 23 May 2019 at the offices of the Liquidator, Karl Wüthrich, Wenger Plattner Solicitors, Seestrasse 39, Goldbach-Center, 8700 Küsnacht (please call the hotline on +41 43 222 38 50 to arrange an appointment).

Actions to contest supplement no. 5 to the schedule of claims must be lodged with the single judge court at the District Court of Zurich, Wengistrasse 30, P.O. Box, 8026 Zurich, within 20 days of official notice in the Swiss Official Ga-

zette of Commerce dated 3 May 2019, that is before 23 May 2019 (date of postmark by a Swiss post office). If no action is filed, supplement no. 5 to the schedule of claims will become legally binding.

## **II. REPORT ON ACTIVITIES AS AT 31 DECEMBER 2018**

Having been acknowledged and approved by the Creditors' Committee, the 16<sup>th</sup> Liquidator's report on activities for 2018 was submitted to the debt restructuring judge at the District Court of Zurich on 28 February 2019. The report is available for inspection by creditors at the Liquidator's offices at Seestrasse 39, Goldbach Center, 8700 Küsnacht, until 15 May 2019. If you wish to inspect the report, please call the hotline on +41 43 222 38 50.

The following pages summarise the content of the report on activities.

## **III. OVERVIEW OF THE LIQUIDATION PROCESS**

### **1. ACTIVITIES OF THE LIQUIDATOR**

The main activities of the Liquidator in 2018 were the collection of claims (see section V. below), the issuance of the sixth interim payment to creditors with recognised third class claims and the definition of fundamentals for the distribution of revenues from the liquidation of properties and participations abroad (see section IV.2. below).

### **2. ACTIVITIES OF THE CREDITORS' COMMITTEE**

In 2018, the Creditors' Committee held one telephone conference and one meeting. At both the meeting and the telephone conference, the Creditors' Committee discussed several proposals submitted by the Liquidator and passed resolutions accordingly. Furthermore, different meetings of subcommittees of the Creditors' Committee were held.

In connection with the distribution of sale proceeds between SAirGroup and SAirLines AG in debt restructuring liquidation (hereinafter "SAirlines") or the Swissair Schweizerische Luftverkehr-AG in debt restructuring liquidation (hereinafter "Swissair") from the sale of assets abroad, the question was raised by a member of the Creditors' Committee whether the Liquidator in these cases is not impartial and must stand down, because he acts as co-liquidator of SAirLines and as liquidator of SAirLines respectively. Since debt restructuring liqui-

dation began, the liquidator has stood aside as liquidator of SAirLines and Swissair respectively when legal relationships with the SAirGroup were being processed. In these cases, the interests of SAirLines are represented by its co-liquidator, the lawyer Prof. Dr. Roger Giroud, and those of Swissair are represented by its deputy liquidator, lawyer Dr. Niklaus Müller. This concept had been approved when the debt restructuring agreements of the three companies were confirmed by the debt restructuring judges. The debt restructuring judge and the creditors have been informed about the individual agreements signed between the companies with the consent of the Creditors' Committees in the respective reports on activities or circulars. In light of this situation, the Creditors' Committee has decided that regarding the distribution of revenues from the sale of foreign assets (see section IV.2.) the previous practice may be followed.

Lawyer Dr. Michael Werder resigned from his position as a member of the Creditors' Committee as of 2 March 2019. The Creditors' Committee will decide whether Dr. Michael Werder will be replaced, and by whom. The members of the Creditors' Committee and myself would like to thank Dr. Michael Werder for his expert work and his outstanding commitment. For 16 years, he played a crucial role in the successful handling of the liquidation and the associated disputes.

#### **IV. ASSET STATUS OF SAIRGROUP AS AT 31 DECEMBER 2018**

##### **1. INTRODUCTORY REMARKS**

Enclosed is a report on the liquidation status of SAirGroup AG as of 31 December 2018 ([Annex 1](#)). It contains a statement of the assets of SAirGroup AG as of 31 December 2018 in accordance with the information currently available.

##### **2. ASSETS**

Liquid funds: The liquid funds are mainly held at Zürcher Kantonalbank ("ZKB"). Since 1 March 2015, ZKB has been charging negative interest on the assets of SAirGroup. In 2018, negative interest of CHF 1,083,476 was charged. The average negative interest that was charged was slightly less than 0.7%. Settlement of the fifth and sixth interim payments enabled the credit with ZKB to be reduced massively. In 2018, significantly less negative interest was charged than in the previous year (CHF 6,860,750).

Claims against third parties: The position "Claims against third parties" contains SAirGroup's claims against various former Swissair Group companies that are

subject to liquidation or insolvency proceedings at home and abroad. This position has been assessed conservatively in accordance with the information currently available.

*Pending distribution of revenues from the sale or liquidation of foreign participations:* SAirGroup and SAirLines , or Swissair, disagree on which of them is entitled to the revenues from the sale or liquidation of various foreign participations. The relevant facts were processed in 2018. The negotiations between the parties regarding the distribution of these revenues could not be completed in 2018. The value of this position may therefore still change.

*Real estate:* The distribution of the revenues from the sale of properties in Singapore, Mumbai, Tel Aviv, Istanbul, Madrid, Sao Paolo and Rio de Janeiro between SAirGroup and Swissair is still pending. It was not possible to conclude an agreement about the distribution of these revenues in 2018. It is planned to finalise these matters in 2019. The value of this position may therefore still change.

### 3. LIABILITIES OF THE ESTATE

Accounts payable: The accounts payable reported as at 31 December 2018 relate to costs incurred during debt restructuring liquidation.

Provisions for interim payments: SAirGroup's liquidation status as of 31 December 2018 includes the following provisions for the first six interim payments:

Interim payment / Nature of provision	Missing payment instructions etc. in CHF 1,000	Conditional claims in CHF 1,000	Suspended claims in CHF 1,000	Total provisions in CHF 1,000
1 <sup>st</sup> interim payment	3,725	917	12,755	<b>17,397</b>
2 <sup>nd</sup> interim payment	2,467	363	4,116	<b>6,946</b>
3 <sup>rd</sup> interim payment	3,166	450	5,096	<b>8,712</b>
4 <sup>th</sup> interim payment	2,514	346	3,920	<b>6,780</b>
5 <sup>th</sup> interim payment	9,150	1,125	12,739	<b>23,014</b>
6 <sup>th</sup> interim payment	8,358	675	7,643	<b>16,676</b>
<b>Total provisions</b>				<b>79,525</b>

These provisions ensure that the maximum amounts for the six interim payments with respect to all unsettled claims are secured.

### 4. CREDITORS' CLAIMS

For the current status of the schedule of claims proceedings, please see section VII. below. The overview of the schedule of claims proceedings ([Annex 2](#)) lists the claim amounts according to their classes and specifies whether they are currently registered, recognised, definitively rejected, in dispute (actions to contest the schedule of claims) or still suspended in the schedule of claims. The claim amounts in all classes are still subject to change as efforts to settle the schedule of claims proceed.

## **5. ESTIMATED DIVIDEND**

The assets of SAirGroup have essentially been liquidated (see section 4.2 above). Based on current knowledge, a dividend totalling about 23% can be anticipated. Of this, 22.4% has already been paid out in the first six interim payments.

## **V. LIQUIDATION OF ASSETS**

The Liquidator continued to collect accounts receivable both in Switzerland and abroad during the period under review. Around CHF 32.5 million were received by the SAirGroup in 2018 from the liquidation proceedings of Gourmet Nova AG, Flightlease Holdings (Guernsey) Ltd. and SAirLines, consisting mainly of final payments or interim payments.

## **VI. PURSUIT OF LIABILITY CLAIMS**

With regard to various liability issues (see circular no. 18 section VI.2.3.), SAirGroup reserves the right to submit claims against the responsible parties.

## **VII. SCHEDULE OF CLAIMS PROCEEDINGS**

The liquidation bodies decided during the course of 2018 whether to recognise or reject first-class claims from a creditor (see section I. above). SAirGroup's schedule of claims has therefore essentially been settled. The assessment and the decision on a small number of claims are still suspended. In this context it is worth mentioning the claim for around CHF 196 million, which is currently suspended, made by Swissair from liability under company law (participation in the group cash pool). The decision on whether to recognise or reject this claim was suspended until a legally valid judgement is available in Swissair's legal suit against its bodies. The Commercial Court of the Canton of Zurich rejected this claim in a decision dated 16 March 2018. Swissair, represented by its deputy liquidator, has filed a civil complaint at the Federal Supreme Court. The Federal Supreme Court decision is still pending. Therefore, it cannot be estimated when a decision can be made about the claim made by Swissair.

## VIII. NEXT STEPS IN THE ONGOING PROCEEDINGS

In the coming months, the aim will be to reach agreement with Swissair and SAirLines about the distribution of the revenues from the sale of properties and participations abroad and from the sale or liquidation of participations abroad (see section IV.2. above). The collection of the debts of insolvent companies of the former Swissair Group companies will also continue. In so doing, the primary aim will be to break the sometimes circular flow of dividends (see circular no. 29 section IV.B). Lastly, the liquidation bodies will then examine and decide on the steps that should be taken next with regard to liability claims.

Depending on how the proceedings progress, creditors will continue to receive information about important developments in the form of circulars. A report on the progress of the liquidation process this year will be issued by spring 2020 at the latest.

Yours sincerely

SAirGroup AG in debt restructuring liquidation  
The Liquidator:

Karl Wüthrich

- Annexes:
1. Liquidation status of SAirGroup as at 31 December 2018
  2. Overview of the schedule of claims proceedings of SAirGroup

**LIQUIDATION STATUS as at 31 December 2018**

	<b>31.12.2018</b>	<b>31.12.2017</b>	<b>Change</b>
	<b>CHF</b>	<b>CHF</b>	<b>CHF</b>
<b>ASSETS</b>			
<b>Liquid funds</b>			
UBS AG CHF	59'076	48'113	10'963
ZKB CHF	39'827'092	-8'286'544	48'113'636
ZKB USD	27'861	7'734	20'128
ZKB EUR	9'489	12'339	-2'850
ZKB Fixed term deposit	90'000'000	548'000'000	-458'000'000
<b>Total liquid funds</b>	<b>129'923'519</b>	<b>539'781'642</b>	<b>-409'858'123</b>
<b>Liquidation positions:</b>			
Accounts receivable	5'699'115	99'386	5'599'729
Prepaid court expenses	0	0	0
Receivables from third parties	8'265'000	36'652'000	-28'387'000
Open apportionment of proceeds on sale/liquidation of foreign assets	6'500'000	6'500'000	0
Real estate (part of revenues)	8'000'000	8'000'000	0
IT-Equipment	2	2	0
Shareholdings, securities	p.m.	1	-1
Responsibility claims	p.m.	p.m.	
<b>Total liquidation positions</b>	<b>28'464'117</b>	<b>51'251'389</b>	<b>-22'787'272</b>
<b>TOTAL ASSETS</b>	<b>158'387'636</b>	<b>591'033'031</b>	<b>-432'645'395</b>
<b>LIABILITIES</b>			
<b>Debts of the estate</b>			
Accounts payable	3'935'306	335'554	3'599'752
Provision, 1st interim payment	17'397'541	17'605'008	-207'467
Provision, 2nd interim payment	6'946'033	6'973'778	-27'745
Provision, 3rd interim payment	8'711'714	9'333'975	-622'261
Provision, 4th interim payment	6'779'591	9'621'304	-2'841'713
Provision, 5th interim payment	23'013'761	34'363'229	-11'349'468
Provision, 6th interim payment	16'676'056	0	16'676'056
Provisions for liquidation costs	10'000'000	10'000'000	0
<b>Total debts of the estate</b>	<b>93'460'002</b>	<b>88'232'849</b>	<b>5'227'153</b>
<b>TOTAL DISPOSABLE ASSETS</b>	<b>64'927'634</b>	<b>502'800'182</b>	<b>-437'872'548</b>

## Overview of the schedule of claims proceedings of SAirGroup

Category	Registered	Schedule of claims					Dividend				
		Recognized	Admitted subject to conditions	Schedule of claims appeal pending	Suspended / New registration	Rejected	Interim payments	Future dividend		Total	
	Amount in CHF	Amount in CHF	Amount in CHF	Amount in CHF	Amount in CHF	Amount in CHF		minimal	maximal	minimal	maximal
Secured by right of lien	-	-	-	-	-	-	-	-	-	-	-
First class	368'483'558.54	77'598'328.29	-	-	2'368'072.68	288'517'157.57	100%	-	-	100%	100%
Second class	862'982.92	705'878.35	-	-	235.55	156'869.02	100%	-	-	100%	100%
Third class <sup>1) 2) 3)</sup>	48'366'215'769.09	11'166'202'157.31	17'308'811.14	-	195'985'273.01	36'986'719'527.63	22.4%	0.6%	0.7%	23.0%	23.1%
<b>Total creditors' claims</b>	<b>48'735'562'310.55</b>	<b>11'244'506'363.95</b>	<b>17'308'811.14</b>	<b>-</b>	<b>198'353'581.24</b>	<b>37'275'393'554.22</b>					

<sup>1)</sup> The minimal dividend calculation factors in 100% of conditional claims.

<sup>2)</sup> The maximum dividend calculation factors in 40% of suspended third-class claims and 0% of conditional claims.

<sup>3)</sup> From the total of the recognized claims the following registered claims which have in the meantime received full payment through dividend and third party payments have been deducted:

- Bank of America	81'064'375.50
- USD-Bond	539'953'749.75

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