

Notice to creditors and to the media

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

Küsnacht, Zurich, 7 December 2001. The competent debt restructuring judges in Zurich and Bülach reached their decisions this week in the case of Swissair Group. They have granted a definitive debt-restructuring moratorium for a term of six months for all six companies concerned - SAirGroup, SAirLines, Flightlease AG, Swissair Schweizerische Luftverkehr AG, Swisscargo AG and Cargologic AG.

The two debt restructuring judges have appointed the following administrators:

- Karl Wüthrich, attorney-at-law, of Wenger Plattner, for SAirGroup, SAirLines (co-administrator), Flightlease AG and Swissair Schweizerische Luftverkehr AG;
- Roger Giroud, attorney-at-law, of Giroud Anderes Maag & Partner, as co-administrator of SAirLines; and
- Transliq AG, of Berne, for Cargologic AG and Swisscargo AG.

Finally, the debt restructuring judge at Zurich District Court has commissioned administrator Karl Wüthrich to have an expert report prepared on the responsibility of the organs of SAirGroup. Both debt restructuring judges have thus accepted provisional administrator Karl Wüthrich's proposals in full.

**The provisional administrator's main work: "Phoenix Plus", sale of holdings and asset status**

Co-operation with the "Phoenix Plus" Project has been one of the provisional administrator's main tasks. It has been necessary to work out the necessary bases, under great pressure of time, and to co-operate in reaching the final decision. Another focus of the work of the provisional administrator and his team has been to see through the procedure for the sale of various items of fixed assets. Individual procedures have been completed for the sale, for example, of Mindpearl AG, LTU, Rail Gourmet Holding AG and Restorama AG. The provisional administrator has examined these transactions and submitted them, with his proposals, to the debt restructuring judge for approval. Finally, the provisional administrator has assessed the asset, profit and income situations of the six companies under provisional debt-restructuring moratorium and their potential for debt restructuring. He has made his position clear in this regard in his reports to the debt restructuring judges.

**Assets of the six companies**

The details of the assets of the six companies given in the provisional administrator's reports are based on figures calculated by the individual companies. The provisional administrator has checked the plausibility of this information against his findings during the provisional debt restructuring moratorium. A detailed assessment will have to be conducted during the definitive debt-restructuring moratorium. The provisional administrator's findings break down as follows:

- **The debt-restructuring option**  
(CHF 000)

<b>Company</b>	<b>Assets</b>	<b>Unsecured claims</b>	<b>Claims secured by pledge, privileged claims and winding-up costs</b>	<b>Class 3 dividend</b>
SAirGroup	1 638 285	12 412 123	78 338	12.53%
SAirLines	679 251	4 058 447	91 000	14.49%
Flightlease	1 300 139	1 213 503	1 156 666	11.82%
Swissair	416 719	4 448 070	133 000	6.38%
Swisscargo	129 299	260 221	12 100	45.0%
Cargologic	17 056	20 770	9 762	35.0%

- **The bankruptcy option**  
(CHF 000)

<b>Company</b>	<b>Assets</b>	<b>Unsecured claims</b>	<b>Claims secured by pledge, privileged claims and costs of winding-up</b>	<b>Class 3 dividend</b>
SAirGroup	768 128	12 412 123	78 338	5.56%
SAirLines	418 357	4 058 447	91 000	8.07%
Flightlease	1 060 486	1 853 155	1 156 666	2.35%
Swissair	283 101	4 448 070	653 000	0.0%
Swisscargo	85 683	260 221	33 100	20.0%
Cargologic	16 056	20 770	15 762	1.4%

In the debt restructuring moratorium option, the assets of all six companies cover privileged claims, claims secured by pledges, and the estimated costs of winding-up. In debt restructuring proceedings, the assets can be realized without pressure of time, and presumably at a higher price. As matters now stand, therefore, following the debt restructuring procedure is very likely to lead to a better result for each company's creditors than immediate institution of bankruptcy proceedings. The debt-restructuring moratorium granted to Swissair Schweizerische Luftverkehr AG also creates the conditions for implementation of the "Phoenix Plus" Project.

#### **Division of effort between administrators**

SAirGroup, SAirLines, Flightlease AG and Swissair Schweizerische Luftverkehr AG are closely interdependent as the "Phoenix Plus" Project proceeds. To preserve personal continuity on the various committees (the "Airlift" task force, the "Flight Program Monitoring" project group, the "Airport infrastructure operation/airline-related companies" project group etc.) and to continue to benefit from the knowledge gained in the past two months, it has seemed advisable to retain the

provisional administrator as administrator of the definitive debt-restructuring moratorium at these four companies. Any conflicts of interest between SAirGroup and SAirLines in the sale of companies in which they have holdings are resolved by appointing Roger Giroud, attorney-at-law, as co-administrator of SAirLines. Finally, it has seemed reasonable to appoint Transliq AG as administrator of Swisscargo AG and Cargologic AG, thereby relieving Karl Wüthrich.

#### **Investigation into the responsibility of the organs of SAirGroup**

In the provisional administrator's opinion, the grounds for possible responsibility claims against the organs of SAirGroup should already be reviewed at the debt-restructuring moratorium stage. Such an investigation will be more thorough, more efficient and completed much faster than the special review opened at SAirGroup's general meeting on 25 April 2001. The provisional administrator submitted his views in detail to the Swiss Federal Council and Parliament at the last special session on Swissair. His letter has been published at his website ([www.sachwalter-swissair.ch](http://www.sachwalter-swissair.ch)). The debt restructuring judge in Zurich has accepted the administrator's arguments and authorized him to launch an investigation into the question of responsibilities.

#### **Planned sequence of debt-restructuring moratoria: invitation to register debts in early January**

Publication of the debt-restructuring moratoria is scheduled for 14 December 2001. Invitations to register debts will be issued on 9 January 2002. Creditors will be allowed a period of 20 days to register their claims with the relevant administrator. The invitations to register debts will be published in the national and international press. Administrator Karl Wüthrich intends to publish a form for registering claims on his website ([www.sachwalter-swissair.ch](http://www.sachwalter-swissair.ch)).

On the strength of the confirmed assets and registered claims, the administrator will co-operate with the management of each individual company to devise a draft debt restructuring agreement. The administrator will convene meetings of creditors and report to them on his activity, presenting the proposed debt restructuring agreements. The creditors in each case will have to elect a committee of inspection and one or more liquidators. The earliest these meetings can be held is the end of May 2002. The ensuing written process of ratification by creditors of the debt restructuring agreements and the preparation of the administrators' reports to the competent debt restructuring judges will take at least a further two months. Thus any liquidation of assets cannot be expected before September 2002, at the earliest. It is therefore already foreseeable that the debt restructuring moratoria will have to be extended.

#### **Future information policy: weekly reporting**

The administrator intends to continue to issue weekly reports to creditors and the media every Friday until further notice. No reports are planned over the forthcoming public holidays (28 December 2001 and 4 January 2002).

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For further Information

- Website of the administrator: [www.sachwalter-swissair.ch](http://www.sachwalter-swissair.ch)
- Filippo T. Beck, Wenger Plattner, telephone 01 914 27 70, fax 01 914 27 88