

Media release

### **Weekly situation report from the provisional administrator of Swissair Group**

Küsnacht, Zurich, 16 November 2001. In the week covered by this report, the provisional administrator of Swissair Group, Mr Karl Wüthrich, a partner in the law firm Wenger Plattner, and his team have continued working on the reports for submission to the two debt restructuring judges at the end of November. Talks with representatives of the Swiss Confederation and cantons, Crossair management, Swissair Group management and staff representatives have focused on continuing Swissair's flying operations until the end of March 2002, the transfer to Crossair under the "Phoenix Plus" project and continued trading by the airline-related companies (Atraxis, SRTechnics and Swissport). Preparatory work has also been started with a view to the impending winding-up of Swissair Group.

### **Special audit: position of the administrator**

Pending the special session of both houses of the Swiss Parliament, the provisional administrator has submitted his views on the special audit in writing to the members of the Swiss Federal Council and Federal Assembly. The text of his letter will be made available to the general public today on the administrator's website ([www.sachwalter-swissair.ch](http://www.sachwalter-swissair.ch)).

### **LTU: order issued by debt restructuring judge**

By order dated 12 November 2001, the debt restructuring judge of SAirGroup and SAirLines has granted authority for the legally binding signature of the draft contract concerning LTU which has been submitted to him, provided it is supplemented by an expanded balance statement. The time allowed for appeal has not yet expired. The subject of the agreement is the sale of SAirLines' 49.9% participation in the Cologne-based holding company LoMaBeteiligungsgesellschaft mbH to REWE-Zentralfinanz e.G., a

registered association, also of Cologne, Germany, for the price of 1 euro. LoMa holds 100% of the shares in LTU Luftransport-Unternehmen GmbH, of Düsseldorf. At the same time as the sale of the participation, all mutual claims will be renounced except the guarantees which SAirGroup has issued to third parties, especially lessors, for the aircraft leased by LTU. The overall losses to the Swissair companies from the contract are estimated at CHF 500 to 700 million. These compare with the avoidance of estimated losses from the contract of CHF 1285 million. In particular, the agreement means that the contractual obligation entered into by the Swissair companies to bear LTU's entire financial risk until the end of 2005 now lapses.

**Bonds: no immediate need for action by the provisional administrator**

To date Swissair Group has issued a total of 14 bonds, 11 of which were issued in Swiss francs by SAirGroup, two in euro by SAirGroup Finance BV of the Netherlands, and one in US dollars by SAirGroup Finance Inc., of the USA. Both finance houses are SAirGroup subsidiaries. SAirGroup also acts as guarantor of the bonds in euro and USD.

At the present stage of the proceedings, bond creditors should not yet submit claims for registration. An invitation to register debts will be issued at a later date, after the provisional debt-restructuring moratorium. Forms with instructions on registration for claims will then be published.

From today's viewpoint, no pronouncement can yet be made about a possible dividend to bond creditors. Any stock exchange price differences between bonds of the same issuer can only be allowed for to a limited extent, though all bond creditors of the same debtor share equally in any proceeds from realization. At most, there may be slight price differences reflecting the slight differences in the interest claims to be made by the bond creditors, due to different interest maturity dates. However, the statutory provisions do

not allow any further interest claims since the time of opening of the provisional debt-restructuring moratorium. This means the differences in interest are minimal.

**For further information**

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