

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

**Sale of Gate Gourmet Group authorised – New interim reports published by Administrator
– Report on responsibility due end-January 2003**

Küsnacht-Zurich, 15 November 2002. After difficult negotiations between the purchaser, the Texas Pacific Group, and the major creditors, all of the parties concerned reached an agreement about the sale of the Gate Gourmet Group at the end of August 2002. The main problem with this sale was the distribution of the sale proceeds of CHF 1,092.5 million among the major creditors – SAirGroup Finance (USA) Inc., SAirGroup Finance (NL) B.V., SAirGroup, SAirLines and Swissair – as well as the banks of the Gate Gourmet Group. These creditors' claims total CHF 1,897 million.

Negotiations are currently in progress with the banks regarding the repayment of claims amounting to CHF 148 million.

The claims of SAirGroup Finance (USA) Inc. of CHF 1,005 million are directed against the US Gate Gourmet companies alone. The position of SAirGroup Finance (USA) Inc. is favoured by the strictly tax-optimised structure of the Gate Gourmet Group. Indeed, the US business is linked directly to the Swiss business via an American general partnership. Gate Gourmet Switzerland AG and Gate Gourmet IP AG are fully liable partners in this US holding company. As a result, both Swiss companies are also liable for the claims of SAirGroup Finance (USA) Inc. In the light of this fact, SAirGroup Finance (USA) Inc. will receive a payout of CHF 602.5 million on its claim.

The claims of SAirGroup – totalling CHF 555 million – against a number of different companies in the Gate Gourmet Group will be met with a payment of CHF 256 million. Swissair will receive a payment of CHF 4 million against its CHF 12 million claims. The proportion of SAirLines' CHF 29 million claims that the company will actually receive is still the subject of negotiations between SAirGroup and SAirLines. The share will be no higher than CHF 9 million.

The payment to SAirGroup Finance (NL) B.V. on its claims of CHF 148 million will ultimately amount to CHF 73 million.

Company	Claim	Share of sale proceeds
SAirGroup	CHF 555 m	CHF 256 m
SAirLines	CHF 29 m	max. CHF 9 m
Swissair	CHF 12 m	CHF 4 m
SAirGroup Finance (NL) B.V.	CHF 148 m	CHF 73 m
SAirGroup Finance (USA) Inc.	CHF 1,005 m	CHF 602.5 m
Banks	CHF 148 m	max. CHF 148 m
Total	CHF 1,897 m	CHF1,092.5 m

The reciprocal claims and pending actions between SAirGroup Finance (USA) Inc. and SAirGroup and/or all of the other companies in the Swissair Group were also settled within the framework of negotiations on the distribution of the proceeds from the sale of the Gate Gourmet Group. For its part, SAirGroup declared the subordination of its loan claims of around USD 110 million against SAirGroup Finance (USA) Inc. In return for the subordination, SAirGroup Finance (USA) Inc. will assign its claims against Atraxis North America and SR Technics Palmdale Ltd. – amounting to around USD 30 million – to SAirGroup. At present, the value of these claims is thought to be approximately CHF 10–15 million. Furthermore, SAirGroup Finance (USA) Inc. is withdrawing the USD 26 million suit it has filed in the USA against SR Technics Switzerland, the SR Technics Group AG and SR Technics Palmdale Inc. The withdrawal of this suit is very important in particular in connection with the sale of SR Technics Switzerland: As long as the suit is still pending in the USA, security must be provided to any buyer of SR Technics Switzerland for the USD 26 million claim, as no buyer will wish to assume the risk attached to the lawsuit. Finally, SAirGroup Finance (USA) Inc. is waiving all the claims it has previously made against SAirGroup and all the other companies in the Swissair Group. Specifically, it is withdrawing a claim for CHF 990 million that it had registered with SAirGroup.

The debt restructuring judges at the district courts of Zurich and Bülach have since approved the Gate Gourmet deal. The contract of sale has not yet entered into effect.

New interim reports from the Administrator on 11 November 2002

On 11 November 2002 the Administrator, Karl Wüthrich of Wenger Plattner, and his staff issued two new interim reports on the progress of debt restructuring proceedings since the meeting of creditors in June. The reports have been sent to the debt restructuring judges and the creditors of SAirGroup, SAirLines and Flightlease and are now available on the Administrator's website (www.sachwalter-swissair.ch). The new interim reports focus on the status of ballots on the debt restructuring agreements, statements on the claims registered by the employees of Swissair Swiss Air Transport Company Ltd and the sale of individual equity investments.

The Administrator's interim report on matters pertaining to Swissair Swiss Air Transport Company Ltd will be issued at the end of November.

Investigation into responsibility on the part of governing and executive bodies

Ernst & Young AG has made significant progress in its work in connection with the investigation into responsibilities at the Swissair Group. However, production of the report has been delayed somewhat owing to the complexities that have emerged with the individual facts of the case and the great volume of records. The report will probably now be published in January 2003. It is planned that the report and the key findings of the investigation will be presented at a press conference. The creditors will subsequently have the opportunity to inspect the report.

Further information

- Administrator's website: www.sachwalter-swissair.ch
- Filippo Th. Beck, Wenger Plattner, telephone +41 (0)1 914 27 70, fax +41 (0)1 914 27 88