

Media Release

Weekly situation report from the provisional administrator of Swissair Group

Küsnacht, Zurich, 19 October 2001. The provisional administrator of Swissair Group, Mr Karl Wüthrich, attorney-at-law, of Wenger Plattner and his staff have pursued their statutory task in recent days under uncertain and rapidly changing outline conditions. The primary obligation of the provisional administrator is to safeguard the interests of the creditors of the six companies SAir Group, SAirLines, Flightlease AG, Swissair Schweizerische Luftverkehr AG, Swisscargo AG and Cargologic AG.

The provisional administrator has continued to hold intensive discussions with the Board of Directors and Group Management of Swissair Group, with the managers of the individual companies, the representatives of their employees and with representatives of the Swiss Confederation. The purpose of these talks has been to ensure the continuation of Swissair's aviation business on a provisional basis until the end of October and to guarantee the operation of Zurich-Kloten Airport, without thereby affecting the interests of the creditors.

As regards the future scenarios for an intercontinental Swiss airline, presented to the public by the task-force last Sunday, the provisional administrator and his staff are working closely with all interested parties to reach a solution to the complex legal problems involved, while taking due account of the interests of creditors.

As decided last Wednesday by the Swiss Federal Council, the provisional administrator must, at the end of his second week of work, deal with the following two likely alternatives:

1. The Swiss Confederation, the affected cantons and the business circles involved decide by Monday at the latest **to finance** an intercontinental Swiss airline. In this case the provisional debt-restructuring proceedings will continue in accordance with the statutory provisions. Such finance would need to be structured to ensure that the interests of the existing creditors are not jeopardised.

2. The Swiss Confederation, the affected cantons and the industry decide **not to finance** an intercontinental Swiss airline or do not reach a decision by Monday. This scenario would make the question already facing the provisional administrator more acute: can the operating companies to whom a provisional debt-restructuring moratorium has been granted still hope to meet the statutory conditions for a definitive debt-restructuring moratorium to be granted?

In both cases it will be the provisional administrator's special concern to protect the privileged claims of employees (wages and social welfare plans).

Bridging credit by the banks

The banks are currently considering granting bridging credit to the individual airline-related companies.

Payments made to creditors immediately before the debt-restructuring moratorium was granted

The provisional administrator has asked the managers of Swissair Group to provide him with comprehensive documentation concerning any payments to creditors which may have been made shortly before the debt-restructuring moratorium was granted.

For further information:

- The provisional administrator's website: www.sachwalter-swissair.ch (now also available in French and English)
- Filippo T. Beck at Wenger Plattner, telephone 01 914 27 70, fax 01 914 27 88